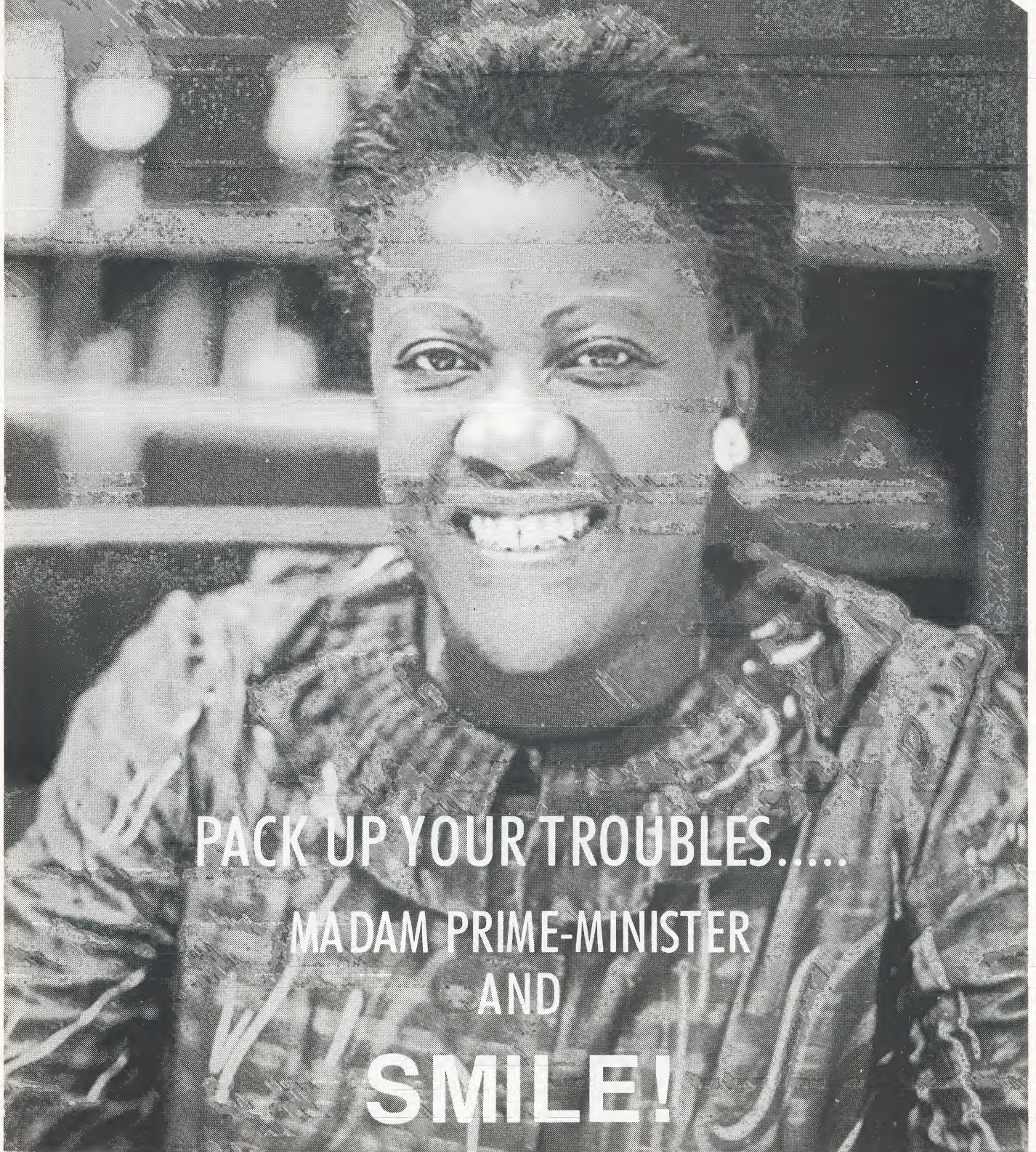


November - December 1984

EXXON CLOSES DOWN IN ARUBA  
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# ANTILLEN REVIEW



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**FROM THE EDITOR**

This issue of AR was written against the background of a rapidly deteriorating economic situation. Although most of the immediate causes for this worrisome development lie outside the Netherlands Antilles, it is by now clear that the country is ill prepared to face what is inevitably coming. Thus the challenge of the moment is not only to find ways to stimulate a recovery but first of all to promote a search for excellence throughout society.

During the many interviews and all the reading which went into preparing this issue, AR's staff has once more been impressed by the relatively large pool of high quality know-how available in the country. Where our magazine can help to tap those resources for the common good, we will not hesitate to do so.

In spite of the bleak outlook the cover of this issue displays a smiling Prime-Minister. That choice of photograph was made for good reasons. Like her predecessor Mr. Don Martina, Mrs. Maria Liberia-Peters comes across as motivated by those inner sentiments which make for genuine leadership. Her smile therefore invites people to take heart and join her in the effort to steer the country back into calm waters.

In contrast to developments in general AR has witnessed a considerable growth of its readership during the past months. A 20% circulation increase is therefore considered for 1985 as well as increasing the number of pages from 48 to 52. This development also implies that no change of rates needs to be expected in the coming years. We are obviously a little proud and very happy to make this announcement.

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# TROUBLE GALORE

How many troubles can a community pack up in that old kitbag and still smile? Not until the packing is done or rather started, will one know. And that may be the most serious problem the country is facing. For so many years has a game of hide and seek been played that today's avalanche of disaster-spelling news is still met with little more than a slight anxiety. A situation which has led some observers to proclaim that what the nation needs is a (controlable) calamity to shock it into its senses.

We do not agree. For one because the first to suffer would be the most vulnerable in society. And secondly because it might be right up the street of those politicians who for years have been exploiting the needs of the people for their own petty goal of holding on to power and whatever privileges they enjoy.

We recommend a more respectful approach. First of all the people should hear the sober truth that meager years are ahead. Secondly blaming everybody else — Holland, the USA, Venezuela, the multi-nationals and what have you — should be stopped at once, because it does not help, is counterproductive and certainly not conducive to drawing out the best in people. And thirdly the best and most innovative minds in the country should be mobilized to get the nation back on track.

The opportunity to realize the last suggestion was alas passed by during the negotiations which led to the formation of the present cabinet. Formateur Dr. Claude Wathey's initial concept of a national cabinet of specialists and a few representatives of the political parties never had a chance. To the dismay of virtually everybody except the politicians concerned, the usual scramble for power ensued. Curaçao's largest party MAN was manoeuvred back to the opposition benches and a coalition cabinet was formed by Aruba's MEP, Curaçao's PNP and DP. The only noticeable reaction was a further lessening of respect for the body politic. Party bosses would do wise to heed the implied message and quickly start looking for quality.

The nation's barometer in the meantime indicated foul weather ahead. Exxon announced the closure of its refinery (Lago) on Aruba. Shell notified the new government that unless some stern conditions are met, the company might run into serious problems. Holland announced a postponement of its assistance to keep Curaçao's Dry-Dock afloat, as the agreed upon trimming down of the company's workforce had for political motives not been enacted. The U.S. Treasury Department issued two regulations in October, which are consi-

dered a further threat to the Antilles' off-shore sector. The economy in general kept sliding backwards. The unemployment figure in Curaçao is expected to rise to 26% in 1985. Aruba's prospects are even worse. The expected rapid decline of the government's income cast another shadow over the already frustrated constitutional issue. Simple arithmetic shows that Aruba's status aparte has little more future than proud poverty. It will consequently not be able to contribute in any acceptable measure to the so-called solidarity fund, which in turn has prompted talk on the smaller islands of opting for direct ties with Holland. But the only item on The Hague's agenda appears to be manipulating the Antilles towards full independence.

A first dictate of common sense appears to be that all energy should be devoted to weathering the economic cloudburst threatening to drown the country. Consequently the constitutional issue should be shelved for the time being. Unfortunately while the first may be possible the second probably is not.

If the island and national governments would have the courage not only to employ the services of the economic and financial know-how available, but also to act according to the advices given, there might be a chance of reversing the downward trend in the future. This will indeed demand courage as it is by now generally agreed that the main hindrances to get the economy on course again are the body politic itself and the civil services.

Shelving the constitutional issue may be too much to ask from Aruba's political leaders. Yet more than anyone they will need every available minute and manpower to attend to their island's economic future. At all cost they should take care not to endanger their tourism industry by letting the island run up too high a deficit, or fall prey to social unrest.

That cost may well be to stop the status aparte rhetoric and take the initiative of looking for constructive ways of co-operation with the other islands. One immediate advantage of such an approach would be that Holland would have less leverage to impose its will on the Antillean islands.

In brief: the realization should dawn that the fat years are over; that the tradewinds may in due time blow away most problems but not those of the kind the nation is now facing; that qualified leadership should be given a chance; that the economic issues should be given first priority and that all problem solving should begin at home and ...now!





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## MARIA LIBERIA-PETERS' FIRST PRIORITY:

# RESTORING CONFIDENCE

## INTERVIEW

**Bad news is in the air. The announcement of Lago's closure is imminent. Shell has just presented her a package of far from encouraging conditions. The economic forecasts have a ring of disaster to them. The constitutional issue by now resembles the Gordian knot. In brief: no Antillean Prime-Minister ever faced such a grave and worrisome situation. And yet, Maria Liberia-Peters, the first woman to hold that position, impresses her visitors with a calmness and genuine concern that inspire confidence.**

She arrives at her office a few minutes late. No further time is wasted. The interview starts while she is still in the back-room doing a quick restoration of her make-up. Her clear voice carries into her office. "What I consider my challenge Number One? To set the people's mind at ease. That", she says, "is a first condition to restore some measure of hope, which in turn may lead to a willingness to shoulder the problems jointly".

She walks in, checks with her secretary for urgent messages, makes one brief call and continues: "During the past two years people have become increasingly disheartened and have begun to ask themselves 'what is to become of us?'. People are more and more beginning to feel uneasy. In such a situation it makes no sense to talk about creating a positive climate for investments or anything else for that matter. We have to give back to the people a basic sense of calm and trust".

Asked to be more specific, Mrs. Liberia-Peters says: "Let me say this first. What I consider a second and just as important issue is to help clarify the constitutional situation. Parliament (de Staten) has taken the basic and fundamental decision. Aruba will leave the Antillean constellation. But that decision presupposes a host of other decisions, which must now be taken. Each of those has political implications, making it both difficult to take



and implement them. To be instrumental in furthering that process, I find also a real challenge".

### Joining forces

This brief excursion might appear to be meant first and foremost for political consumption. Maria Liberia-Peters certainly does not lack political savvy, but she strikes one in the first place as deeply motivated for her present job. We return to what she labels her top priority. Restoring confidence against the background of a rapidly deteriorating economy is not an easy matter. The life-span of her cabinet, moreover, will be 14 months at most. (After the secession of Aruba on January 1, 1986, new elections will be held.) Reacts the Prime-Minister: "Yes, these 14 months will be crucial. What I intend to do is to get all the positive elements in our community to join forces. At all costs we have to prevent a process of polarization". In saying so she does not harbour any vague idealistic notions. "I am not talking about a colourless unity, but when all the three social partners, all politicians, labour leaders and businessmen are

expressing their concern for the nation's welfare, there must be some common ground to proceed from together". She even envisages calling in the opposition, when issues of serious national concern arise. "Take for example the developments at Lago and Shell, those are issues of such vital importance to all of us that we should not leave room for petty political games. Yes, situations may arise which demand the greatness of setting aside our differences for the common good".

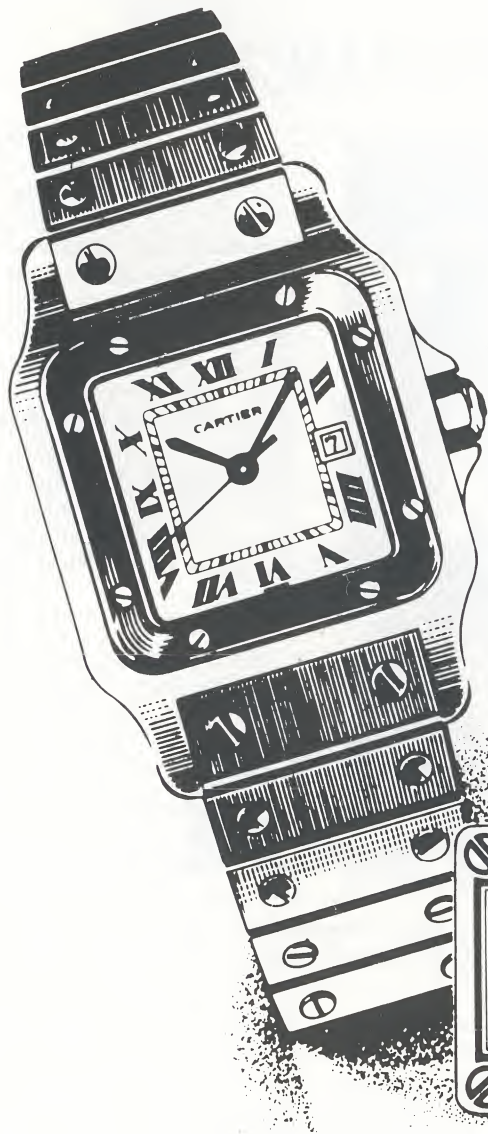
### Personal role

This leads to a question about her own role in the cabinet. What model does she opt for, the Reagan or Thatcher approach? Will she be the delegating chairman type or a very involved helmsman. She confesses to having an inclination towards the latter. "It's a matter of personality", she says, "I love being involved as much as possible". But she is aware that the circumstances will force her to delegate much. "This will be a bit of a personal problem", she admits, "I will have to learn to find my way in this respect and exercise my responsibility by instituting a process of proper feed-back". Her frankness — a gift few politicians seem to be imbued with — is refreshing. She has, moreover, surrounded herself with a think-tank, which she expects not to hold back and be as critical as possible. It should be observed that accepting criticism and as a consequence exercising self-criticism (or vice versa) is not a well-developed characteristic among Antilleans. In this respect Maria Liberia-Peters once more proves worthy of the title 'no-nonsense lady'.

### Investment climate

As much as AR agrees with the Prime-Minister with regard to the need of restoring a measure of trust in the country, we draw her attention to the widespread concern regarding the investment climate. In





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particular the infamous dismissal law appears to be a major hindrance. True to her positive nature she begins by pointing out some promising developments. Recent talks with Venezuelan and Colombian authorities, she says, indicate interesting possibilities for joint ventures in the realm of small industries. She applauds the efforts of the local business community in this respect. "We must direct our attention towards the small business and industry sector", she says.

We press for an opinion on the dismissal law. She does not dodge the issue. "I have asked the Social Economic Council (SER) for a thorough analysis. Mind you, I am still convinced that at the time the law was conceived and passed by parliament, it was a highly necessary measure. But where today everybody is complaining about the adverse effects of the law, we must again evaluate it. And if this piece of legislation would prove to be sound in itself, we will have to determine the causes for its extremely bad image. There is no doubt in my mind, that something has to be done!"

She continues by informing AR that she has ordered the drawing up of legislation for the purpose of creating an investment fund, to which employees will be invited to contribute. The government will guarantee repayment after five years. The level of interest to be paid has not yet been determined.

#### Civil services

The conversation next turns to the quality of the government services, which again is seen by many observers as a major hindrance to the nation's development. We remind her that the Martina cabinet called streamlining the civil services a priority, but never got any further than organizing management and motivation courses for department and section heads. "We will try to do as much as possible", she comments and adds with a slight hint of despondency: "but we have only 14 months". It's on her agenda, however, to discuss the issue with the civil servant's union. There is no doubt in her mind that something is very wrong indeed. She mentions the many suspensions that are being left undealt with and the high rate of sick-leave as compared to the private sector. "These malpractices have a highly demotivating effect on the corps", she agrees and states her intention to at least

tackle the problem in those services which fall under her immediate authority.

#### State ownership

In this connection we ask her opinion about the high level of government involvement in a number of companies like the national carrier ALM, the Curaçao Drydock and the majority of hotels on Curaçao, all of which are incurring substantial losses. She only replies to one aspect of the question and there she has a point. Free enterprise has always objected to government involvement, but now that we have a recession on our hands they come running to us for assistance. And even then they have great difficulty with opening up their books". The Prime-Minister is in particular irritated by the use of the employment issue to put pressure on the government. "I don't go for it", she declares. On the other hand she admits to the need for a consistent government policy in this respect. "Presently all decisions with regard to ailing companies are ad hoc. We have to determine the principles on the basis of which a policy can be developed".

#### Language issue

As time is running out — the next visitor has already been seated in the ante-room — she briefly comments on our

observation that with all due respect for the psychological aspect of the papiamentu issue, it seems that the level of education has dropped as a result of the increased use of the language in classrooms, and neglect of the Dutch language.

"I'll give you my personal opinion", she says. "Papiamentu should certainly have its rightful place in the educational system. Don't underestimate the importance of transferring knowledge in the mother tongue. But", she adds in one breath, "the whole issue of papiamentu in education should be approached more rationally and much less emotionally. We must never make the mistake of introducing the language as a vehicle of instruction in the schools without first developing adequate and sound methods. If we fail to do that, much will be destroyed".

*While getting up to leave, we notice a magazine besides her desk provokingly put in sight of her (male?) visitors saying on its cover in large capitals: Women in 1984 — Political Time Bomb. As another kind of time-bomb is ticking away rather rapidly underneath the Antillean society, we sincerely hope Mrs. Liberia-Peters will be able to dismantle it before exploding. It would prove her magazine right in yet another sense.* ■

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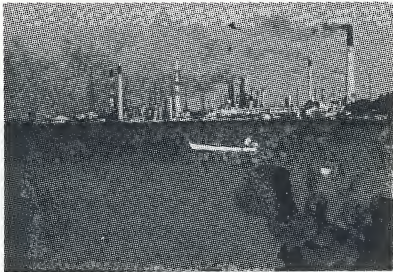
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## AFTER A SIXTY YEAR PRESENCE

# EXXON ANNOUNCES CLOSURE OF LAGO REFINERY

Two years ago the Aruba Government was warned by an economic research institute of the likelihood that Lago might close down within a couple of years. The report was never made public. When on Wednesday the 31st of October last EXXON announced the termination of Lago's activities simultaneously in New York, The Hague, Aruba and Curaçao, the island community went into shock. The economic consequences are of such a nature that Aruba's political leader, Mr. Betico Croes, spoke of "a fatal blow". For once even his fiercest opponents could not accuse him of exaggerated rhetoric. Even if the frantic efforts presently being undertaken to postpone the refinery's shutting down are successful, the outlook for Aruba and as a consequence for the entire Netherlands Antilles must be labelled: extremely bleak.

In economic terms the implications of Lago's departure are mind-boggling. Aruba (pop. 60,000) has basically two sources of income, oil-refining and tourism. It is estimated that 30 - 40% of the population lives off Lago either directly or indirectly. Profit-revenues from this source account for more than 30% of the island's total income for 1984. The refinery, moreover, is the largest customer of the island's utility services. Approximately 900 workers will lose their jobs. With a view to Aruba's economic structure, some economists say that a multiplier factor of 5 should be applied! Unemployment will rise from the present 15% to 40%.

The blow to the business community will be considerable. The income derived from general taxes will soon show a steep decline. Energy, which will shortly have to be imported, will become more expensive. As the cost of living rises the tourism industry will inevitably be hurt.

All this, it should be realized, happens one year before Aruba is to acquire its coveted 'status aparte', which, because of



*Lago management on its way to Council of Ministers*

the high costs implied, presupposes an increase rather than a decline of income.

### No surprise

The reactions to EXXON's announcement varied from dumb shock to angry indignation. Although quite understandable both appear to be off the mark. International developments in the oil sector have for years indicated the growing obsolescence of refineries in locations like Aruba (and Curaçao!) where crudes have to be imported. Venezuela, bound by the OPEC agreements, found itself unable to provide Lago (and Shell) with the required minimum supply of crude to guarantee even a break-even operation (see AR's Special Feature in Vol. 4 no. 2. An interview with Shell's retiring manager Jim Wilson). Both companies have lately been incurring substantial losses. For Lago a US\$ 50 million deficit is predicted for the current year. The recent OPEC decision to cut down production even more should also be taken into account. That decision, it should be real-

ized, was not taken at the spur of the moment, but is the result of a train of developments during the past years. Add to this Venezuela's economic woes, making a special price-setting for the Antilles prohibitive, as well as the fact that production costs of the Antillean refineries are amongst the highest in the world, and the recent developments on Aruba are certainly not of a surprising nature. At least they should not have been!

### Misplaced

The angry reactions of a number of politicians following EXXON's announcement are likewise misplaced. Mr. Hendrik Croes, a brother of Betico Croes and presently vice-Prime Minister, in a TV-broadcast resorted to using the accusation of 'ugly American'. Senator Jules Eisdien of Curaçao's MAN, spoke of a 'total absence of moral responsibility' on the part of Lago. Admittedly these harsh utterances should be interpreted as meant for local consumption. But the question is whether such an approach has



any wisdom to it at all. There is no shadow of doubt that the Antillean officials knew for a considerable time what was coming. At least they should have known. Fuelling the people's frustration with anger directed at the multi-nationals, which in the many years of their presence on these islands cannot by any measure be accused of social and moral irresponsibility, might have serious consequences with regard to their willingness to prolong their stay. It should also be realized that infecting the people's minds with 'ugly American' concepts may not exactly serve the tourism industry, which is almost completely dependent on the American market.

Comments by the Minister of Economic Affairs, Aruba's Don Mansur — who also happens to be the only non-politician in the national cabinet! — were of a very different and much more common-sense nature. He pointed out that it is a factual economic reality that refineries such as Lago are going through a difficult time, and that the future holds no promise of improvement. It is to be hoped that the public will join him in looking soberly at the facts and directing all energy at finding ways to survive this inevitable blow.

### Little hope

Efforts to save Lago for Aruba were already undertaken long before EXXON made the official announcement late October. Former P.M. Don Martina and Mr. Betico Croes discussed the issues involved on several occasions with officials of the Venezuelan and American governments and EXXON. Mrs. Maria Liberia-Peters, the present Prime-Minister, flew to the USA only days before to see if a solution could be found. Immediately after the news had become public an Aruban delegation left for Caracas to present their case to the government of President Lusinchi. The EXXON management was invited to come down and discuss the matter with the national cabinet. The Dutch Government was asked to assist the Antillean Government in its attempts to ward off the impending disaster.

The motive for this flurry of last ditch attempts was not merely panic. EXXON in its announcement seemed to have left the door slightly ajar for at least a short-time solution. If Venezuela would agree to a preferential price-setting, increase the supply of crude and if Aruba would

agree to modifying its tax-demands, the refinery might be kept in production. The sale of the plant, (Venezuela?) was also hinted at by EXXON.

Spirits rose when Dr. Jaime Lusinchi only hours after the announcement, cabled President Ronald Reagan, stating his willingness to co-operate within Venezuela's economic limits towards a solution and imploring his colleague in Washington to promote the necessary collaboration on the part of his government. The Sixty Four Thousand Dollar question is what the Venezuelan president is playing at. Mr. Jim Wilson, Shell's former General Manager, told AR as early as April last, that the issue of supplies is a purely political one. So it does not seem farfetched to suspect that Venezuela is using the Antillean issue to pocket certain benefits for itself. Whatever the outcome of the Antillean efforts and the fencing between Caracas and Washington, the glorious days of oil-refining on Aruba and most probably on Curaçao as well, are over.

### Future prospects

Two scenarios might now be written with regard to Aruba's future. It seems in any case likely that the ruling party MEP will consolidate its power. The suggestion that the closure of Lago will trigger serious social unrest and lead to a kind of Grenada situation, is in the case of Aruba not very convincing. The argument may be useful to pressure the Americans into assisting the island in its efforts to save the refinery, but in reality it has little meat to it. Mr. Betico Croes is by far the most popular politician on the island and his following amongst the lower strata of Aruba's society is almost 100%. Mr. Croes, moreover, can rightfully claim to have done everything possible within his means to prevent the present situation.

Holland's refusal after hearing of EXXON's decision to grant Aruba extra financial assistance will most certainly work in Mr. Croes' favour. He has already announced that his island will continue on its present course toward status aparte and eventually independence, in spite of the inevitable decline of the economy. No voices of protest have been raised!

What will happen, however, is an acceleration of the migration process. It

should be observed that of the total number of Antilleans presently living in the Netherlands the Arubans are relatively the largest group. Fear for MEP's dictatorial methods is the most quoted reason for their departure to Holland. The next group to leave will, no doubt, be from the ranks of Lago's labour force. Many of them originate from the English speaking Caribbean and have never been accepted fully as Aruban citizens, at least not in a psychological sense.



*Betico Croes*

A serious brain-drain may also be expected. The number of expatriates living on the island is quite high. As the economy will begin to sag many of them as well as the more capable and well-to-do Arubans will start to leave. This will also imply a substantial outflow of capital.

It is interesting to note that Mr. Betico Croes is using the migration issue to put pressure on Holland, one may suspect, to reverse its decision not to grant extra financial assistance. He bluntly asked Holland to open its door to large numbers of Arubans. (Holding a Dutch passport they are anyhow entitled to settle in the Netherlands.) This has caused great concern in Holland, which already faces serious social problems with regard to the large number of Surinamese and foreign workers living on its soil. As the island grows poorer and the ties with Holland (and the other Antillean islands) are in due course severed, it will increasingly fall under the influence of Venezuela.

The second scenario presupposes a take-over of Lago by Venezuela. This will certainly not stop the migration process but will keep the island economically afloat. It also implies that Aruba will eventually become if not constitutionally, then to all purposes a Venezuelan 'estado', most probably known as Estado Croes. ■



*While adhering to strict environmental policies*

## STEADY EXPANSION OF TOURIST FACILITIES

In anticipation of a record winter season Bonaire has added a number of new attractions to its tourism product, which confirm the conscientiousness of its Tourist Board's planning.

Developing the island step by step into a most enticing resort for lovers of water-sports, in particular scuba-diving and snorkeling, while preserving the island's tranquility and natural beauty, has marked these policies for years. As a result Bonaire offers its own distinct product and has captured a steadily growing segment of the tourism market. Even though the island's government could do well with an increase of revenues "nothing will be done, which violates our strict environmental policies", says Niki Tromp, head of Bonaire's Tourist Bureau.

### Wreck

A remarkable example of Bonaire's inventive policies concerns the latest addition to its many attractions for divers. It's a sunken 238-foot freighter, the Hilma Hooker, which foundered 100 yards offshore, its port rail only 50 feet from the surface in a calm, easily accessible area abounding in fish and other marine life.

The vessel, flying the Colombian flag, was supposedly enroute to another destination when it developed problems and managed to make port at Bonaire. Tipped off, the island authorities searched for and found a large quantity of marijuana aboard. (See AR Vol. 4 No, 3).

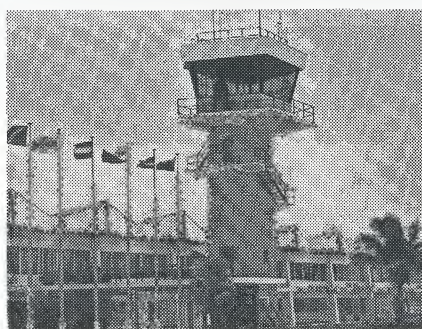
When the confiscated freighter began to sink, tugs towed it from dockside so it would not obstruct navigation. Built in Holland in 1951, the sunken Hilma Hooker now presents no hazards to shipping, but is ideally situated for divers near the southwest coast of the island. It settled in a narrow sand channel between two beautiful reefs. Snorkelers can survey the wreck from the surface while divers may indulge in the fascination of wreck exploration.

### Snorkeling

While scuba enthusiasts come from all over the world to dive at Bonaire's 40-

plus designated underwater scenic sites, snorkelers have not hitherto received special attention. This omission has now been rectified. An easily accessible trail along the island's shoreline has recently been identified and marked off for this purpose.

Here a great many of the hundreds of



airport

fish and coral varieties to be found anywhere in the Caribbean can be seen within a quarter of a mile stretch of shallow waters. The project was developed by STI-NAPA, an organization sponsored jointly by the World Wildlife Fund and the government.

### Deluxe

Another new development is the placement offshore of the Okeanos, a deluxe 113-foot live-board cruiser fitted to house charter dive groups. Equipped with a helicopter pad and other special facilities, the vessel is the most modern of its type in the world. It will be marketed by See & Sea, a San Francisco-based company which offers deluxe sailing charters at prime diving locations around the world.

For those who are weary of all luxury a naturist health club opened up in October. The 10 one-bedroom/kitchenette club is located near the beautiful Sorobon area. A total of 32 cottages plus a bar and restaurant are planned.

### Nightlife

As part of the Flamingo Beach hotel, a new casino opened in August in a former residence adjoining the hotel property. In line with Bonaire's sportive type of tourism it is being promoted as "The World's

First Barefoot Casino". Black jack, roulette, poker, wheel of fortune, video games and slot machines are available.

Meanwhile, the island's first casino at the Bonaire Beach Hotel (formerly Hotel Bonaire) has been completely refurbished.




### Beacon

An important improvement of the airport facilities is the recent installation of a so-called Non Directional Beacon. The Naf. 37,000 instrument will not only enable pilots to touch down in less favourable weather conditions — until now only visual landings could be performed — but can also be used for homing purposes.


It should be observed that Bonaire has often and rightfully complained about its dependency on Curaçao with regard to its air-connections. The installation of the beacon must therefore be considered a most welcome step forwards in making the island more comfortably accessible.

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# CURAÇAO:

## Zwitzerland of the Caribbean or....Haiti?

(Some options for the future)

by Michael Hopkins, ITEO\*

In the last edition of the *Antillen Review* I suggested that Curaçao was at a crossroads with one sign pointing along a downward spiral to poverty and anarchy as in Haiti or, with a tremendous effort, to wealth as in Switzerland. Recent developments in Curaçao suggest that a vicious downward spiral of the economy is in progress with bad news coming, seemingly, from every quarter. Here I shall imply that management in the past, both in the private and public sector, has been as much a part of the problem as a part of the solution.

Before, I argued that if Curaçao were to use its comparative advantage(s), then Armageddon could be postponed or perhaps permanently vanquished. In this article I shall look at some more specific considerations of Curaçao using its comparative advantage and, who knows ending up as rich as Switzerland!

An opinion often voiced is that Curaçao has had bad times in the past — for example in the late 70's before the offshore boom — but has always managed to recover. The feeling is that Curaçao will again find another boom onto whose coat-tails it may hang. There is some justification for such an assertion. An economy experiencing bad times does tend to cut its labour costs, the workforce does tend to increase its commitment to work and raise productivity, managers do begin to look for new investment opportunities to invest the capital that they have earned from the previous boom years. As those factors can contribute to increased growth and employment opportunities, the conventional wisdom that things must improve may not be entirely pie-in-the-sky. Also, 'talking up' an economy even though it is in decline can convince prospective foreign investors that the end of the decline is nigh.

### Cycles

Unfortunately, cycles in an economy can last as long as 50 years or more. For example, the famous long-term cycle first described by the Russian economist Kondratiev of decline followed by innovation and growth and to which has

been given his name, the Kondratiev cycle, is thought to have a period of around 50 years. The environment within which Curaçao has to operate is indeed against a rapid recovery. The world is only just pulling out of recession, largely thanks to the powerful stimulus given by the American economy. But, even there, protectionist policies are beginning to be introduced by the United States to stop the flood of imports caused by the high value of the US dollar. Further, the large deficit engendered by the Reagan administration must be tackled in the next few years and this may well result in a major decrease in the growth of the US economy. The most recent *OECD Economic Outlook* shows a real increase of 6% of the GDP of the US economy in 1984 compared to 3.4% in 1983, but predicts a drop to 2.5% in 1985. This will be bad news for American tourism as well as for Latin American exports, which Curaçao may have hoped to have serviced. Next, the fall in oil prices is likely to continue as new sources come on stream and this is likely to hurt the Venezuelan economy, to which Curaçao has ever closer ties. Finally, it is becoming increasingly unlikely that the Foreign Sales Corporations (FSCs) are going to be of much help to the offshore sector in Curaçao.

It is, therefore, a little risky to assume that just because Curaçao has pulled itself out of downward swings before, it can do so again. The certainty that 'Santa Claus' will keep visiting, i.e. that the

Dutch government will help Curaçao out when its economy is in deep trouble, may also be a dubious assumption. The *OECD Economic Outlook* predicts a growth rate of only 1.5% for the real GDP of Holland in 1985 coupled with open unemployment rates increasing from 14.2% in 1983 to 15.5% in 1985, not an encouraging picture. Is there anything Curaçao can do to provide the freedom in which to develop its comparative advantage?

### Labour Law

One major area for improvement is labour. Labour in Curaçao is often given the blame for problems that can more fairly be laid at the feet of management. Certainly wage costs are high in Curaçao and have to be reduced or, at least, stabilized in order to improve Curaçao's competitive position. But the Caribbean area is, in general, a high cost area both for labour and products. One can hardly ask workers to accept wage cuts, when prices are so extraordinarily high. Yet workers are certainly aware that there is a problem with the labour law. Managers cannot do their job properly when in times of recession, they find it difficult to release unwanted labour, nor will new entrepreneurs willingly invest in new projects when, if the going gets bad, they see that they must keep unproductive labour. Since most of the redundancies in Curaçao occur through mutual agreement, the labour law, because of its negative psychological effects on potential new foreign investors, might be more of an imaginary than a real problem. A law designed to protect labourers against superficial dismissal, a good thing in itself, may therefore have a perverse effect in that it acts as a barrier to new investment and new jobs. Thus in a declining economy no new jobs get created and a laudable social objective, the protection of jobs through a labour law, unfortunately becomes a barrier itself in meeting those same social objectives. An

\* The views expressed here are personal and not necessarily those of ITEO (Institute for Applied Economic Research), or SEP (The Socio-Economic Planning Bureau of Curaçao), to which the author is economic adviser.



alternative to the labour law would be to ensure that there is an adequate social security system so that redundant workers made unemployed can, at least, have their and their families' basic needs satisfied until new job opportunities appear.

### Prices

Assuming prices should be reduced, one way would be through devaluing the exchange rate of the NAF against the \$ US. This would have the effect of making Curaçao cheaper for tourists, making its export products more attractive on the international market and reducing wage costs for international companies, such as Shell, investing in Curaçao. Another advantage to devaluation is that importers in Curaçao would be forced to turn away from imports manufactured in the United States and expressed in dollars, to imports manufactured in Latin America where prices are much lower and not linked to the dollar. Only 15% of Curaçao non-oil imports come from Latin America and the Caribbean and this proportion has remained constant despite an appreciating currency over the period 1979 to 1983. For example to send an airmail letter to Europe from Ecuador costs 0.45 NAF; why does it cost 1.75 NAF in Curaçao? And, why should the same food item cost up to 500% more in Curaçao than only 20 miles away in Venezuela? Another result of devaluation could also be a reduction in importers' high profit margins.

Unfortunately though, devaluation is not the cure - all it may seem and the reason it has not been done in the Netherlands Antilles is that up to 40% of Antillean non-oil imports come from the USA and a devaluation would almost immediately lead to price inflation. This is because imports would increase in price to Antilleans, who, in turn, would demand and probably obtain wage increases to match the increase in prices. Hence the benefits of a devaluation would be almost immediately wiped out through wage and price inflation.

One argument that is often voiced is that devaluation will harm the image of Curaçao as a haven of stability and good financial management and thus as a prospective Switzerland of the Caribbean. This argument is, I believe, a little hard to swallow given that Switzerland itself has devalued against the \$ US by around 30% in the past three years. Yet Switzerland retains its image of financial

stability together with a 1984 growth rate of 2.75% coupled with an unemployment rate of 0.75% (OECD estimates).

Another way to reduce prices is to encourage managers of importing companies to import from cheaper countries and reduce their trade margins. These margins are not generally known to the public, hence it is only speculation (perhaps mischievous) that they are high.

Clearly this is a management problem that is for the government to regulate (or deregulate as the case may be). If existing importers will not search for new and cheaper supplies then new companies willing to make such an effort must be encouraged.

### Protectionism

The problem of prices touches on the issue of protectionism. Not allowing new importers to enter the market with cheaper imports forces consumers to pay more for the things they buy while, at the same time, giving in effect a subsidy to the importer. Further, a protected importer has no incentive to increase productivity and import cheaper goods for the consumer.

Protectionism, under certain conditions can help infant industries to develop and eventually allow domestically produ-

ced products to substitute for foreign products. However, in order for this to happen, two conditions have to hold. First, protection must be for only a limited period — say 2 years. Second, the government that introduced the protective measures must be strong enough to resist pressure from the protected industry not to lift the measures. Essentially, consumers have to pay more for the domestically produced protected product than for an internationally traded good; in other words, the consumer subsidizes the domestic producer.

Another way, of course, to help a new producer is for the government to give direct subsidies and not protect the producer. The consumer still pays, through the tax system, but in this case not all consumers pay the same subsidy per product depending on how the tax system is structured. In Curaçao, where there is a progressive tax structure, i.e. the rich pay more than the poor, and in the case when the government subsidizes infant industry — the rich pay more than the poorer consumer. Hence a system of government subsidizes to infant industries is fairer than a system of protection simply because in the protected system all the people, including the poor, pay the same subsidy while in the tax-subsidy system the poor pay less for the same product than the rich. ▶

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In Curaçao production costs are high therefore nearly all domestic industries are protected against international industry. This is one of the main reasons why consumers in Curaçao have to pay more than in other countries. Unfortunately, because protective measures in Curaçao appear to be a part of life, inefficiencies will creep into the protected industries because of lack of competition. One may question therefore whether the protection of uncompetitive industries is an acceptable long term solution to Curaçao's problems?

### Government Subsidies

Another management problem concerns the situation regarding existing industries receiving subsidies from government; such subsidies can help industries temporarily having difficulties and protect jobs. However, if subsidies continue too long, say more than two years, then the government is effectively supporting inefficient industry. In Curaçao this is happening, with profitable industry — the offshore and financial sector — supporting unprofitable industry. If the government is supporting unprofitable industry solely to provide employment, it could do this more cheaply through an efficient social security system and then use the money saved to encourage new projects in likely growth areas. An urgent question the government has to ask itself is whether it wishes to continue to support unprofitable hotels. With the exception of the Avila Beach Hotel and possibly, in 1984 at least, the Concorde Hotel, **none** of the major hotels in Curaçao has made a profit since 1979 if not before. The government, through the Curaçao Holding Company, has been writing off the losses for far too long.

Money would be saved by selling the hotels — even for \$1 a piece — and allowing entrepreneurs to do what they can, or by moth-balling the hotels until better times re-appear! The likelihood of Curaçao hotels ever being able to offer comparative advantage over cheaper hotels in more attractive Caribbean locations e.g. Barbados, Bahamas, Bermuda, etc. is a moot point.

### Red Tape

There is probably unanimous agreement that there is too much bureaucracy and red tape within the government sector

in Curaçao. Examples abound, but I offer the following: the island government *and* the central government each send inspectors to industrial establishments on the island in order to find out the size of their workforces. Why trouble business with two sets of inspectors asking the same question? (And then, and this is actually the case, not having the manpower to analyse the returns!)

There is no organisation chart of both (or even either) island and central government services with their respective duties. Since there are 38 island government services, 12 public companies and 67 central government services, it is not surprising that it is almost impossible for one person to spot duplication (and hence cost to the tax-payers) within government. Even if duplication is recognised there is no single authority that can do anything about it, because the two separate governments are acting almost independently on Curaçao.

The central government and its ministers have practically no power over the island government and the same is true in reverse. There is nothing the island government can do to stop the central government conducting, say, a survey of health conditions on the island that it may have already carried out itself.

The regulations that foreigners must

follow in order to set up business are enough to divert investment to other islands that are easier to deal with. For example, foreign staff must obtain re-entry permits each time they wish to leave the island. The fact that certificates of employment etc. at points of entry into Curaçao are minutely checked does not seem to satisfy some mysterious urge to produce vast quantities of stamped papers. Presumably the re-entry permit was introduced to stop illegal activities. However, I cannot imagine that a criminal would be seen dead without all the required permits. Unfortunately queues of honest people have to suffer the indignity of chasing after re-entry permits. All this, of course, is eventually passed on in costs to the community.

### Conclusion

I have tried in the above to show that management both in the private and public sectors in Curaçao should be adjusting more quickly to a new situation. The recession now hitting Curaçao may be a blessing in disguise since it may have a positive impact on inefficiency and poor productivity. However, it would in my view, be far more satisfactory to carefully plan the road to recovery rather than to allow circumstances to indiscriminately force muddled solutions. ■



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## L'HISTOIRE SE REPÈTE

# THE PENDULUM IS SWINGING BACK

During most of this century Curaçao was by far the leading island of the Netherlands Antilles. During the past ten years Aruba became a close second. Recent developments, however, indicate that Sint Maarten might soon outstrip both. With a view to tourism the half Dutch - half French island already compares to the others as a five star restaurant to an agreeable but unpretentious bistro. (A statement which seems slightly unfair to Aruba, which should be allowed one if not two stars.) Economically the island is experiencing a rapid acceleration now that it has caught the attention of the off-shore banking world. In its wake small but sophisticated industries are showing an increasing interest in establishing plants for the purpose of export.

Altogether a development which might very well return to the Windwards (St. Maarten, St. Eustatius and Saba) the prominence they once enjoyed two centuries ago. The principal reason: a dynamic if not always conventional government, very alert at exploiting the possibilities presented on the international scene.

Recent efforts to attract investors from Hongkong and troublespots in the Middle-East like Lebanon, offering them the safe harbour of citizenship, are the latest example of such innovative policies.

Tourism in the meantime still constitutes the mainstay of St. Maarten's economy with an increasing spin-off for the two smaller islands Saba and St. Eustatius. During the first nine months of this year the number of tourists visiting St. Maarten grew with just over 20% as compared to the same period last year.

Says the island's Director of Tourism, Mr. V.H. Cornelius de Weever: "one can hardly speak of an off-season period anymore". Probably even more important the buying-power of the individual tourist

appears to have grown considerably as well. Shop owners in Philipsburg's picturesque Frontstreet look decidedly happier now that the effects of the economic recovery in the USA are being reflected in their sales. Spritzer & Fuhrmann, the world-famous jeweller, which recently closed down several shops in Curaçao, once the centre of its activities, has certainly no complaints about the business conducted in its elegant St. Maarten establishments. Neither do the numerous restaurants seem to lack clientele. Even on a mid-week night in October La Vie en Rose, which compares both in quality and price with the very best New York has to offer, was fully occupied.

### Public relations

Asked to explain St. Maarten's continuing success story as a tourism resort, Mr. De Weever says: "the island sells itself". He points at the high rate of return visits, which implies mouth to mouth propaganda back home. He certainly has a point, but people would not come back and entice others to join them, if the island's tourism industry did not keep abreast of the demands of today's vacationers. On a recent visit to the island AR noticed that several hotels are refurbishing their premises. Construction, adding to the total of rooms, also seems to be a continuous activity. To mention one example: the time-sharing Pelican resort now dominates a complete hill-side looking towards Saba and will soon open the doors of a brand new casino.

The industry, moreover, does not only stake its future on the satisfaction of its customers. The Mullet Bay Resort & Casino recently organized the first annual Caribbean Celebrity Tennis Tournament visited by a score of well-known personalities from the American entertainment world. Two minute spots of this highly successful happening will soon be shown during four days on forty TV-stations in

prime time. Talking about selling the island!

### New markets

The major airlines in the region are getting their share from the ongoing boom as well. St. Maarten's airport is by far the busiest airport in the Netherlands Antilles being served by a score of smaller and larger airlines. AMERICAN and PANAM have daily flight from New York. Both airlines will be flying wide-bodies during the coming season. EASTERN and ALM come in daily from Miami. PANAM will touch down in St. Maarten en route from Miami to Trinidad and vice versa on a daily basis as from December 1, opening up the East Caribbean market. On October 29 BWIA will start flying in from Trinidad three times a week. Negotiations are underway to establish a connection with this West Indian airline's flights to Canada either through Antigua or Barbados. If successful, such an arrangement would make St. Maarten easily accessible to the Canadian tourist.

Early October representatives of the island met with KLM in New York to discuss the possibility of the Dutch airline re-routing its Amsterdam-Curaçao flight twice a week via St. Maarten. As the Tulip Hotel chain, which is closely connected to KLM, plans to take over or build a hotel (minimum 500 rooms) on the island, chances that the establishment of a European connection may come off are fair. These stepped up airline activities will in return, no doubt, do much to promote the island even more.

### Motivation

The island's government in the meantime appears to be aware of the urgent need to upgrade St. Maarten's infra-structure with a view to these developments. Complaints about the bad state of the roads (on the Dutch side), in particular, are



by now loud and clear. Mr. Claude Wathey, the island's majority leader, told AR that Naf. 20 million has been approved for this purpose, the funds being made available by the EEC. The renovation and enlargement of the airport facilities also financed with generous assistance of the European Community, is now well underway. The tele-communication system is likewise undergoing a thorough overhaul.

Improvements, it should be noted, which will also be most welcome to the St. Maarteners themselves. Better public services will, no doubt, foster an awareness of the importance of the tourism industry for the entire island. Says Mr. De Weever: 'Tourism is our main source of income and it is of great importance that the people, who are the island's principal asset, remain helpful.' He correctly observes that the decline of tourism on a number of Caribbean islands is largely the result of a negative change of attitude on the part of the local people. To forego such a development on St. Maarten he strongly favours conducting motivation programmes in the schools and via the media. Again Mr. De Weever has a point, but such programmes should be backed up by visible signs of public sharing in the proceeds of the tourism industry.

### Canadians

In AR's last issue mention was already made of efforts to attract Hong Kong businessmen, feeling uncertain about what may happen at the take over of the British colony by the Democratic People's Republic of China at the end of the century, to set up residence in St. Maarten. The general idea appears to be both sound and promising. Parties interested would be required to invest US\$100,000 in return for which they would receive legal residence and official (Dutch) travel documents. Indications are that a substantial number of persons would be prepared to make the move from Hong Kong to St. Maarten. The accumulated investment would enable the government in turn to promote the sectors of tourism, manufacturing, housing, transportation and other areas of economic and social benefits. So far so good, if not very good.

A first draft of the plan, however, raises a number of questions which require careful attention on the part of the authorities. Both the marketing of the investment opportunities and the management of the resulting capital would principally be



*V.H. Cornelius de Weever*

handled by a Canadian Financial Corporation (VASA), which would for this particular purpose form a St. Maarten registered development company. The draft suggests that from each investment of US\$100,000 the sum of US\$50,000 would be earmarked for what is called the Foreign Investment Pool. Although an advisory board consisting of prominent representatives of St. Maarten's government and business community will be attached to the development company for the purpose of recommending viable projects, the only shareholder i.e. VASA will it seems have the final say. At first sight this would allow a foreign company a rather fat finger in St. Maarten's development pie.

Of each investment US\$32,500 will be invested in a ten year government bond against an interest to be agreed upon, but of such a percentage that the original investor will be guaranteed repayment of his initial US\$100,000 after ten years, if he so wishes. This would eliminate all risks to the investor but also for the development company (read VASA). After ten years the development company (VASA) will, at the option of the investor, purchase from that investor his US\$100,000 foreign investment shares at the original purchase price of US\$100,000. The development company would then own the investor's share in the foreign investment pool. This, it should

be realized, might make that company the owner of quite a few enterprises on the island of St. Maarten.

The remaining US\$17,500, according to the draft, shall be applied to the costs and expenses incurred by the development company (VASA) in conducting the programme and to provide a profit to the company. With all respect this seems to be a rather large percentage of each investment.

These few details do raise the question whether the Canadian financial Corporation VASA will not benefit from the project out of proportion to what the island of St. Maarten will ultimately receive, whereas the latter after all has to provide all the guarantees as well as the residence and travel permits. The question of VASA possibly acquiring disproportionate influence in the internal affairs of St. Maarten should also be considered.

If on the other hand the original draft of the plan would be modified so as to satisfy the legitimate demands for fairness and guarantees with regard to decision-making, the concept deserves all praise. AR learned from Dr. Claude Wathey, St. Maarten's majority leader, that no conclusion has yet been reached with regard to the proposed draft. Dr. Wathey, moreover, will visit Hong Kong during November to inform himself of the possibilities of attracting substantial in-



## WINDWARDS

Arrivals and departures by air.  
 Figures released by St. Maarten's Office of Tourism.

	Arrivals	Transit	Departures
January '83	29,308	7,379	31,208
January '84	35,047	6,326	34,895
February '83	30,665	5,507	29,886
February '84	36,128	5,126	35,868
March '83	30,250	7,138	31,100
March '84	38,817	5,615	39,125
April '83	27,707	6,718	28,743
April '84	35,656	5,288	34,771
May '83	21,825	3,703	23,727
May '84	28,349	2,908	30,308
June '83	18,793	3,917	18,365
June '84	24,363	3,682	23,482
July '83	26,165	4,906	25,066
July '84	28,716	3,314	27,672
August '83	24,799	5,363	25,700
August '84	29,658	3,144	29,658
September '83	16,567	4,964	10,047
September '84	19,630	3,004	21,018
Total '83	226,079	49,595	230,842
Total '84	276,364	38,407	276,797

vestments. If so, there need be little doubt that he will find ways to conclude an arrangement highly beneficial to his island and the Antilles in general, solving the above raised questions satisfactorily.

The above mentioned developments and initiatives seem to point towards a viable future both for St. Maarten and by way of spin-off for St. Eustatius and Saba. The economy, until recently almost entirely depending on tourism, is now rapidly being diversified.

Although no exact details could be acquired, indications are that a number of small clean industries are interested in establishing plants on the island. This would very much tie in with the island government's intentions as recently made public by Dr. Wathey in a speech to an international gathering of tax-consultants. These intentions followed by decisive policies are now obviously attracting entrepreneurial spirits. And that in turn might cause the pendulum to swing back from Curaçao to the Windwards, thus proving the old adageum right that l'histoire se repète. ■

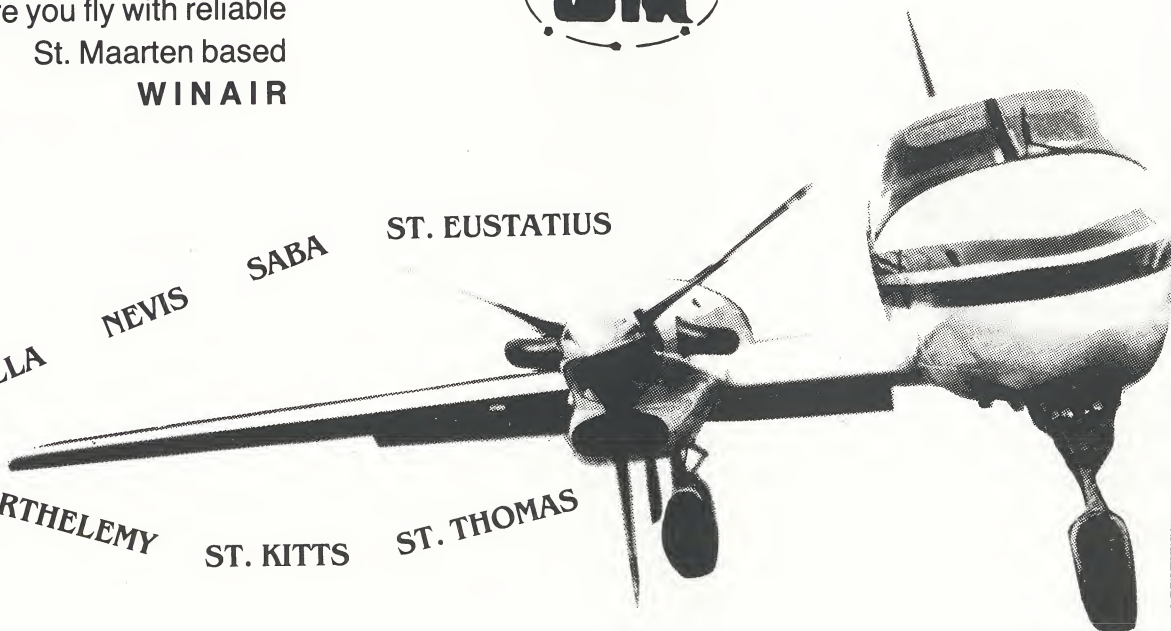
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The announcement by Exxon that it would close the Lago refinery on Aruba in the beginning of next year will bring a heavy blow to the economy of Aruba, which depends for about 30 percent of its national income on this company. The impact on the other islands of the Antilles is not yet entirely clear. Certainly they will be affected. However, the closing down of a refinery on Aruba would also mean a competitor less for Shell Curaçao. This may even be advantageous for the latter, if Venezuela would be willing to supply Shell with a higher volume of crude, which then should be possible in spite of the recent reduction in exports due to OPEC agreements. Shell urgently needs a higher supply and announced its willingness to sell a major participation in the refinery to the Netherlands Antilles government in order to obtain a preferential treatment. Shell is of opinion that this problem would be solved in a better way between Governments.

#### Foreign reserves

Foreign reserves with the Central Bank continued to decline. In August and September the total level fell by f 31 million and f 24 million respectively; during three weeks of October an additional amount of no less than f 32 million was used for external payments, resulting in an outstanding amount of f 188 million as per October 19, 1984.

Less income from tourism and transportation accounted for most of the decline. Although the number of visiting tourists has not been disappointing, in some cases the number is even growing, the revenues for the trade sector, the hotels and the restaurants are not increasing sufficiently. Also the outflow of pri-

vate capital seemed to be growing, which may be explained by the advantageous exchange rate for the Dutch Guilder, the high interest rate in the USA and uncertainty about the economic and political future of our islands. The new government will hopefully establish a clear policy to eliminate these uncertainties.

Although the official foreign reserves with the Central Bank have been declining, the net foreign assets of the private banking system stayed at a stable level of about f 70 million, which in general is higher than last year. The official reserves fell by f 76 million during the three quarters of 1984, whereas total reserves including the net foreign assets only decreased by f 57 million, which equalled the deficit on the balance of payments.

On an annual basis the deficit amounted to about f 50 million. Depending on the development of Government expenses and on the revenues from the financial offshore sector as well as from the start of the new tourist season the outcome will stay in line with the estimated deficit of about f 60 million for 1984.

#### Balance of payments

The Central Bank released the external cash flow figures for the second quarter of 1984. In table 2 these figures have been combined as semi-annual amounts.

Compared with the corresponding period of 1983 total foreign exchange revenues declined by f 20 million or 2 percent. The three main sectors of oil refining, transportation and tourism accounted for this fall, whereas the offshore sector showed an increase. However, the heading other earnings, which mainly comprises investment income, merchandise exports as well as errors and omissions, recorded a substantial improvement.

The declining revenues reflect the in-

sufficiently competitive position of the main enterprises such as the Drydock, the ALM, Shell, Lago and some of the hotels. Although the international economic conditions are improving, the Antilles are apparently not able to benefit from these developments. A lack of awareness of the possibilities and a high cost level are often cited as the main causes. In some cases such as the Drydock, the high rate of the US dollar and consequently of the NA-guilder hamper an improvement of the market position.

A number of factors caused a drop in the value of imports of merchandise, which fell by f 122 million or 16 percent compared with the first half of 1983. The low rate for the Dutch guilders and for the other main European currencies contributed to this development as well as decreasing domestic spending and lower stocks with the importers, agencies and shops.

#### Development aid

Under the budget proposed for 1985 by the Dutch Government to Parliament development aid for the Antilles will be increased by 7 percent to Df 263 million. Almost all, i.e. Df 260 million, will be spent as development cooperation. In addition to this amount Df 1 million will be made available as scholarships for Antilleans and Df 1.7 million to the Department of Public Health in Curaçao for the local hospital.

According to the explanatory notes to the budget the Dutch Government declared that the aid to the Antilles has been tremendously high compared to other countries with a level of prosperity far below that of our islands. The special relationship between the Netherlands and the Antilles accounted for this aspect. The Antillean economy is already highly developed and consequently should not depend to such an extent on external aid.

The Dutch Government considered its financial aid as supplementary and as a temporary support that has to be ended by making it superfluous. However, there appears to be a tendency in the Antilles to see this development aid differently and to attach higher importance to the flow of funds from the Netherlands. According to the Dutch Government the Antillean economy should be adjusted to its own possibilities and not maintain an artificial high level of prosperity with money from external sources. ▶



TABLE 1

Condensed balance sheet Central Bank; f millions				
end of	Oct.19,'84	Sept.30,'84	Aug.31,'84	July 31,'84
<b>Assets</b>				
Gold stock	41.4	41.4	41.4	41.4
Foreign reserves	187.5	219.5	243.1	275.0
Loans to:				
— fed. government	108.8	109.5	108.0	99.0
— isl. governments	—	—	—	—
— banks	2.8	9.4	2.9	—
— others	0.9	0.9	1.0	1.0
sundry assets	7.1	7.0	6.9	6.6
<b>TOTAL</b>	<b>348.5</b>	<b>387.7</b>	<b>403.3</b>	<b>423.0</b>
<b>Liabilities</b>				
Banknotes	136.3	168.4	169.4	171.7
Deposits held by:				
— tax collector	7.0	9.9	7.5	9.7
— isl. governments	45.3	43.3	43.9	50.9
— Giro Curaçao	6.7	6.7	6.7	6.7
— banks	44.4	47.2	55.3	65.2
— developments projects	8.5	10.0	14.6	19.5
— other residents	16.9	21.0	25.9	22.4
— non-residents	0.4	0.4	0.4	0.5
sundry liabilities	19.2	17.0	15.8	13.6
Capital and Reserves	63.8	63.8	63.8	63.8

TABLE 2

External cash flow; f millions			
	first half 1984	second half 1983	first half 1983
<b>Earnings</b>			
Tourism	312.0	238.9	337.6
Transportation	132.4	150.3	161.6
Oil refining	145.8	286.0	158.2
Offshore services	267.2	267.8	251.4
Other earnings	189.9	195.2	167.9
<b>Total earnings</b>	<b>1.056.3</b>	<b>1.138.2</b>	<b>1.076.7</b>
<b>Payments</b>			
Merchandise imports	660.9	717.1	782.9
Other payments	348.2	396.9	353.6
Net capital outflow	68.1	2.3	9.3
Increase foreign reserves	20.9	21.9	69.1

### Lago

On the last day of October the Exxon oil company announced the closing of its

subsidiary Lago, which has been established on Aruba since January 1929. The refinery will stop its production at the end

of this year. Thereafter follows the clean-out of the plant and personnel; as per 31 March 1985 the plant will be shut down definitively.

This measure will be a fatal blow for the economy of Aruba in particular, but also the Antilles as a whole will feel the consequences. The Island Government of Aruba depends financially for about 70 percent on the Lago refinery, which provides employment for 900 workers, while about 1300 people depend indirectly on the activities of Lago.

Exxon declared that increasing losses resulting from the difficult competitive circumstances accounted for the decision. In 1984 the loss will exceed f 100 million. Talks with the Venezuelan Oil Company, the main supplier of crude oil for the Aruba refinery, did not provide the desired results. The same applied to the sales of the plant. The refinery has a capacity of 290,000 barrels per day, while Venezuela provided only 180,000 barrels per day. Exxon could not reach an agreement for a higher quantity nor for a preferential price.

In the previous 7 years Exxon had invested more than f 700 million to reorganize the refinery, but due to the declining demand for oil products and the world wide overcapacity, prospects for an improvement were insufficient. The company has drafted an extensive social plan to lay-off its personnel.

### Shell Curaçao

To ensure the continuity of the Shell refinery on Curaçao and also the employment at this company a number of changes has to be effected both within and outside the company. As part of these measures Shell offered a major part in its share capital to the Central Government. By doing so the refinery hopes to have a better chance in the negotiations with Venezuela on higher supplies of crude oil. A higher through-put is one of the main conditions to keep the refinery in production.

During the last years Shell recorded high amounts of operational losses. The main causes were an insufficient supply by Venezuela of crude oil and a high cost level resulting from too much personnel as well as a high wage level per employee. The competitive position has been strongly influenced by these factors. ▶



Despite these losses the refinery also has to pay a minimum amount of profit tax of f 28 million. Shell is aiming at an extra supply of 50,000 barrels per day of heavy Venezuelan crude oil.

With a government participation Shell tries to get a better understanding, as Venezuela has recently declared that multinationals will not be subsidized. As a consequence of the possible government participation the negotiation has to be held on governmental level.

The high costs of personnel have to be solved by a reduction in the number of personnel as well as reduction in expenses per employee. However, Shell declared that such wage measures cannot be taken as an isolated case, but have to be implemented on a bigger scale as part of a national policy to reduce the domestic wage level.

As long as the negotiations between Shell and the Government have not been finalized, no measures will be implemented, according to Shell, because as the Government may decide to take a ma-

job participation, it will also have to approve the necessary measures.

### Drydock

The Curaçao Drydock Company needs at least f 54 million to continue its operations until 1986. For 1984 the company has requested a subsidy from the Island Government to the amount of f 21,5 million. However, even if this amount is made available, additional measures will be necessary.

These measures were not explained in detail. However, the management stated that further cuts in individual wages have not been considered in view of the cuts taken last year and the working sphere.

The measure of reducing the total volume of personnel was not denied. A number of 245 workers to be laid-off should be possible. If the measures are delayed all 1012 direct jobs and at least 1500 indirect jobs could be lost, according to a circular from the management to the Drydock workers.

The negotiations with the Island Government apparently did not bring the necessary results, because mid-October the general manager tendered his resignation in view of modified circumstances concerning the business policy of the company. No successor has yet been appointed.

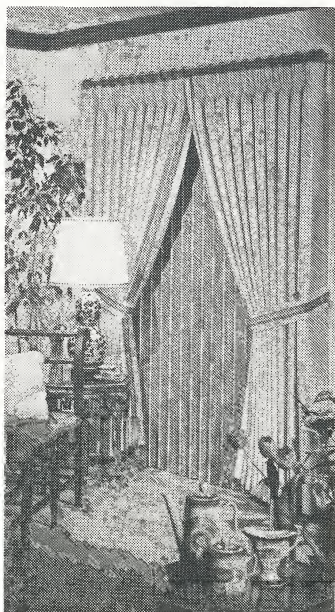
### Mining Company Curaçao

The Mining Company Curaçao performed well during the first half of 1984.

Sales increased by more than f 2 million to about f 7 million compared with the corresponding period of last year. Besides rate changes also some incidental factors accounted for a profit of f 1.6 million against only f 0.7 million last year.

According to the board of directors prospects for the second half of 1984 are less favourable, partly because of reduced export possibilities. However, total profits for 1984 will not be lower than last year when an amount of f 1 million was recorded. ■

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## CARIBBEAN BUSINESS

### SHARING A VISION

The idea was born at the "best idea session" of the Caribbean Central American Action during the CBI conference in Miami, December 1983. Few — least of all Mr. Jacques F. Jonkhout, today's president of Curaçao's one century old Chamber of Commerce, who fathered the concept — at that time realized that a symposium on the role of private enterprise in the Caribbean would become a major event in the region. Nor did the organizing committee, which did everything to maintain the highest professional demands for such an occasion, envisage that its efforts on behalf of the symposium would also generate a new thrust for excellence in Curaçao's business circles. But when the event, visited by three hundred participants representing 25 chambers in the region, drew to a close late September, both had come true.

The symposium itself provided a platform for innovative thinking charting out the region's course for at least the next decade. It also stimulated the Chamber of Commerce and affiliated organizations to market the island's potential abroad more efficiently. The upcoming CBI conference in Miami early December should witness the first fruits of this encouraging development.

The background against which the representatives of a wide spectrum of Caribbean business met was generally described as depressed and uncertain. Said Mr. Don Martina, performing one of his last functions as the Netherlands Antilles' Prime-Minister, in his opening address: "the world economy has recently experienced a recession of exceptional severity, and recovery has been largely limited to a minority of the industrialized nations". Sustained high interest rates coupled with depressed commodity prices and a strong dollar, he said, have caused many developing countries serious problems with regard to their debt repayment obligations. The resulting negative influence on the availability of international credit has hit Caribbean nations hard.

The Hon. Dr. Kennedy A. Simmonds, Prime Minister of St. Christopher and Nevis, reminded the audience that the region is still seriously handicapped in the face of today's economic problems because of the failure of the colonial powers in the past to initiate a process of diversification and to build the necessary infrastructure.

#### Transition

The most impressive and in-depth analysis of the present situation, however,



*J.F. Jonkhout*

was provided by Dr. Blackman, Governor of the Central Bank of Barbados. "I have to tell you that all indicators point to turbulent times ahead", he said. Quoting the findings of the social sciences Dr. Blackman stated that "this turbulence in our international environment stems from the fact that we are in transition from the industrial age to the information age". Information, he explained, is replacing physical resources, including energy, as the critical input into the economic process. "In the new Information Age", he continued, "the trinity of information, knowledge and management supercedes

the land, labour and capital of classical economics as the basic factors of production".

This transition into a new era is affecting both the developing and developed nations. The reduced demand for the commodity exports of developing countries should be explained, according to Dr. Blackman, by the decline in the importance of material resources, relative to information. In the developed nations, on the other hand, the shift from what he called the 'sunset' smokestack industries, like coal, steel, aluminum, oil-refining etc. into the 'sunrise' high technology industries of the information age, has caused the laying off of millions of workers and the allocating of vast sums of public money to subsidize the continued employment of superfluous staff. Thus, preoccupied with their own problems, the developed nations have become increasingly insensitive to the needs of developing countries, like those in the Caribbean. This, said Dr. Blackman, explains why so little progress has been made in the movement towards a New International Economic Order; why it is so difficult for the World Bank and IDA to obtain minimal resources for loans to developing countries, and why it is so difficult for us in the Caribbean to negotiate better commodity prices from the European Economic Community.

Neither Dr. Blackman nor any of the other key-note speakers at the symposium expected this trend to change for the better in the years ahead. The general conclusion drawn from the analysis of the depressed background and uncertain outlook therefore was that the Caribbean nations will have to fence for their own more than ever. Interestingly enough, however, this conclusion was phrased more in terms of challenge than anything else.

#### Export policies

Looking at development within the ►



Caribbean it was further established that trade rather than manufacturing or service industries has characterized the development of business in the region. Modern efforts at industrialization have, until recently, concentrated on protected, import-substituting enterprises. This, the participants agreed, will have to change. The obvious solution for many of the region's economic problems, most in particular that of unemployment, it was felt, lies with following export-led growth policies. Much attention was given by the symposium to the implications and requirements of such policies. On the one hand a re-orientation of Caribbean business and government seems inevitable, while on the other hand markets beyond the Caribbean must become more accessible. This insight led to the formulation of a number of principles for the future development of Caribbean business and to comments with regard to the Caribbean Basin Initiative.

The rapporteur's summary, which was made available to the participants very shortly after the closing of sessions, indicating a first rate organizational set-up, states as the general opinion that the survival of the Caribbean nations will depend on their ability to market quality goods selectively. Dr. Blackman said in this respect: "the critical management function in the decade ahead will be that of marketing". By which he did not mean the sale of goods and services presently being produced, but rather the identification of new markets, the creation of new products to meet perceived needs, and the discovery of less expensive sources of supply and more efficient technologies. The symposium emphasized, moreover, that the small scale nature of the Caribbean nations militates against competing successfully in the major mass markets. Thus marketing in the Caribbean context will imply, according to Dr. Blackman, carving out niches in the world markets and developing a passion for quality. Quoting Philip Crosby, he reminded the audience that "quality is free!"

The smallness of the majority of Caribbean enterprises, moreover, makes the improvement of inter-firm marketing, collaboration and inter-regional cooperation a sine qua non in order to successfully penetrate overseas markets. Commented Mr. Hubert Salas, who presided over the symposium, in an interview with AR's editor: "this is where Curaçao could render a substantial contribution". Its



*Dr. C.N. Blackman*

geographical position, excellent infrastructure, helpful tax facilities and inroads into the markets of the USA and EEC, he felt, offer interesting opportunities for the processing of raw materials which Curaçao lacks altogether, but other Caribbean nations possess in fair measure.

#### **Computer**

With regard to the principle of introducing advanced technology the rapporteurs noted a hesitancy or rather cautiousness among the participants. Small firms, it was felt, should be very careful when investing in automation and high technology; improvements in staff morale, motivation and productivity are often a better investment, the conclusion reads. A view which seems diametrically opposed to Dr. Blackman's contention, at least with regard to the computer, without which, he said: we will have no chance against our competitors in the world markets. Quoting Professor John Kemenev of Dartmouth University he moreover pointed out that the relative cheapness of the computer places poor nations and rich countries for the first time on the same starting line. Due to the above mentioned hesitancy the symposium appears to have devoted little attention to the educational aspect of adapting communities to the new information era. Discussing the implied need of upgrading the educational system to meet the demands of the new age with prominent members of Curaçao's Chamber of Commerce, AR

learned that the Chamber has approached educational institutions with the request to develop the appropriate courses.

#### **Private sector**

The symposium was in full agreement, however, where it concerned the social and political recognition the contribution of the creators of wealth deserves. During the past two decades the private sector has been under heavy pressure in many Caribbean countries due to the disproportional influence exercised by what Dr. Blackman called "the pseudo-radical intellectuals on the various university campuses". Both the speeches of Mr. Martina and Mr. Simmonds might be interpreted as revealing a decidedly more positive attitude on the side of government. Said Mr. Simmonds: "it is really the private sector that is going to be the main engine of growth". Mr. Martina on his part declared: "(it) is my conviction that a profitable business creates investments and employment, and therefore, it is good policy for government to provide an environment that is conducive to high profitability". An opinion Mr. Martina would certainly not have ventured a few years ago. To which should in all fairness be added that his government did indeed contribute to creating a more favourable climate for business in general. On the other hand it should also be observed that the principal impediment with regard to free enterprise is in many situations not so much government policy as the frustrating inefficiency of civil services.





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In this context it was unavoidable that the role of the trade-unions was also scrutinized. More so as they were relatively well represented at the symposium. In general there was full recognition of the essential part the unions have to play. But, as Dr. Blackman noted, they have become a distinctly endangered species. For this he gave four reasons. First of all, there is, he said, an increasing proportion of knowledge workers in the labour force. Such workers are not as responsive to the rhetoric of the past and decide for themselves on the virtue of relevant issues. Secondly, the computer has greatly increased the need for precision and commitment to quality. Confrontational industrial relations are as a result becoming intolerable and increasingly unthinkable. The third reason, Dr. Blackman mentioned, is the increasing complexity of society, causing the discomfort of strikes to spread rapidly and consequently the decline of popular support except on fundamental issues. And fourthly, he said, there is the effect of computerization dispersing the work-force and thus making organization more and more difficult.

Nevertheless, he maintained, it is important for the Caribbean that the Trade Union survives. But to do so the movement will have to assume more responsibility for the economic success of the entire society rather than only for the welfare of its members. It should also be as equally concerned as management with the survival and growth of the enterprise i.e. with an adequate level of capital formation. "In short", Dr. Blackman said, "the New Trade Union must be the conscience of Management rather than its opponent".

### C.B.I.

As could have been expected the Caribbean Basin Initiative became a much discussed topic, when the symposium dealt with the issue of inter-regional co-operation. In order to highlight the Initiative once more, the organizers had invited US-deputy Assistant Secretary of State for the Caribbean, Ambassador Charles A. Gillespie, to deliver a key-note speech. After re-affirming the USA's deep commitment to the democratic, social and economic progress in the region, Mr. Gillespie reminded his audience that the CBI is not just a one-way duty-free trade programme, as is so often thought. This aspect of the Initiative he readily agreed is a key ingredient designed to act as a powerful incentive. Judging from the substantial

increase of the hemisphere's share of United States imports — up from 13% in 1978 to 16% in 1983 — the Initiative is having its effects. "But", said Gillespie, "the CBI is much more than trade legislation". Its tourism incentives hold the promise of increased tourist revenues for many countries of the region and the CBI heralds significant and long-term increases in the level of US assistance to the area, he continued. For 1985 assistance programmes to the Caribbean are planned at \$372 million—a 40% increase over the 1983 funding and three times the 1979 level!

Mr. Gillespie invited business leaders to pay special attention to the rules of origin and substantial transformation requirements with regard to exporting products to the USA. "It is obvious that it is not the intent of the CBI to funnel products from other parts of the world duty-free in the United States through the Caribbean with only a label change here", he said. But what should be closely examined, he suggested, is the requirement that a product must obtain at least 35% value added in one or more participating countries. This implies, he explained, that the value added can be accumulated in participant countries or may come from the USA. "Identifying and exploiting these opportunities for co-operation among countries in the region, I would suggest to you, will be one of the key roles of private enterprise in the Caribbean in the 1980's and beyond", Mr. Gillespie concluded.

Nevertheless reactions to the CBI showed two sharply distinct trends. Some speakers anticipated substantial benefits, whereas others felt that little new trade benefits were offered beyond the Generalized System of Preferences (GSP). The trend experienced under the GSP, it was argued, coupled with extensive non-tariff

barriers, severely limit the CBI. If the CBI's potential is not to remain merely potential, the initial concept will have to be developed, according to this group of participants, in order to make the implied benefits accessible to the businesses of the region. Such a development, it was generally felt, could be brought about, if the Caribbean governments and business communities are willing to do the necessary lobbying and if the American administration would show a willingness to respond. The next opportunity for such an exchange of thoughts between the USA and Caribbean leaders will be provided by the CBI-conference early December.

Reviewing Curaçao's own preparation for that up-coming conference, one cannot escape the impression that the centennial celebration of the Chamber of Commerce has had a most stimulating effect. "Last year", says Mr. Salas, "we were late and achieved little to nothing". Although the CBI-organization could be blamed for the absence of potential investors, Mr. Salas admitted that Curaçao itself had not done its homework. This year the services of a consultancy were hired and a profile of Curaçao's potentials for investment drawn up. Firms which might profitably make use of the typical advantages the island has to offer have been directly invited to meetings with the Curaçao delegation in Miami. Our dry climate and high water-bills may be prohibitive for certain types of industry, explains Mr. Salas, but we do have interesting possibilities to offer high tech. industries, assembling plants and producers of certain kinds of garments.

If it can be said that the symposium rendered an invaluable service to the Caribbean community, it certainly also did much to boost the morale of Curaçao's business community. ■



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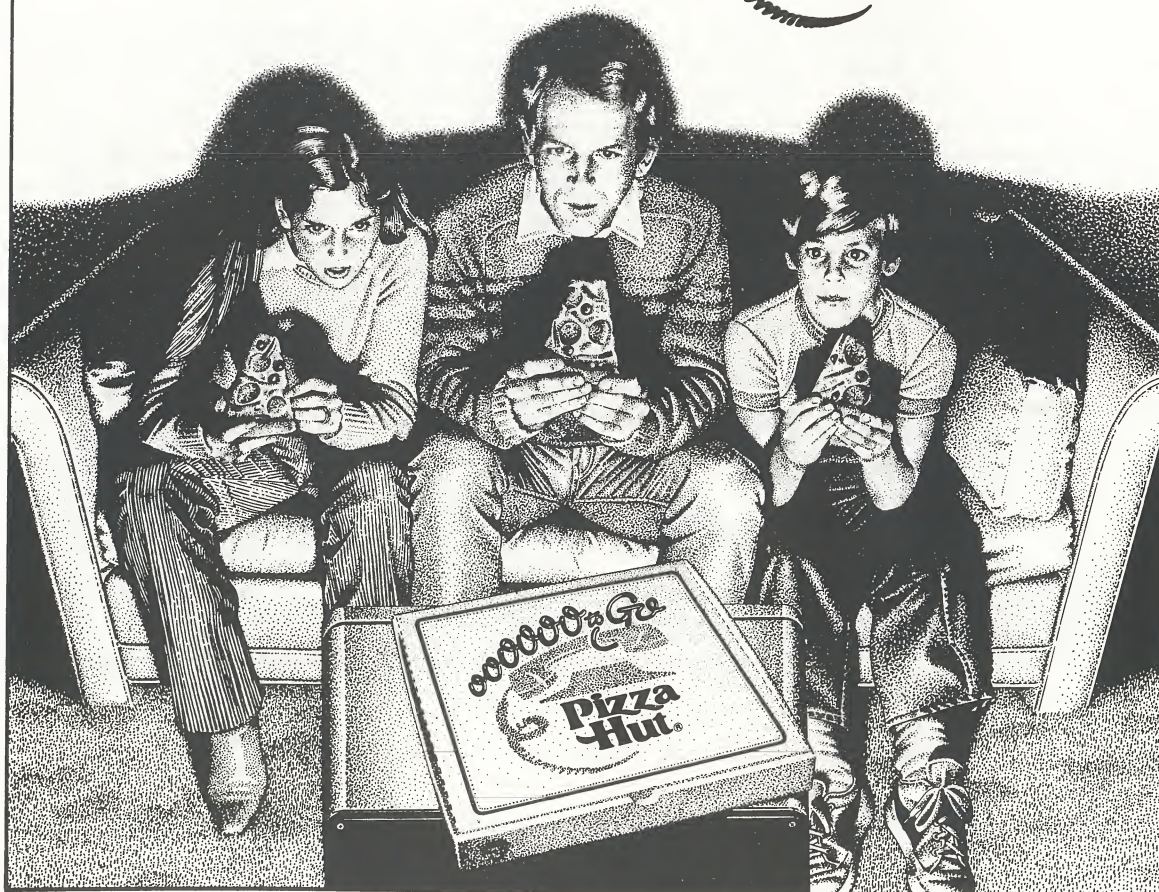
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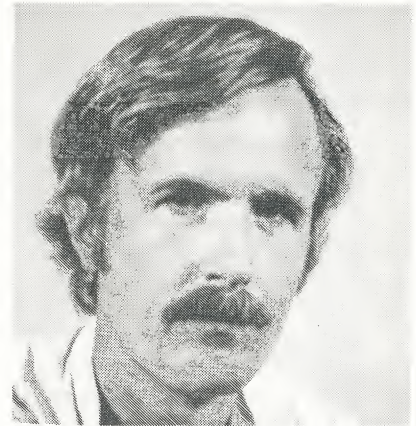




## *Police Force celebrating 36th anniversary*

# ATTENDING TO HERMANDAD' PROBLEMS SHOULD NOT BE POSTPONED

by J.H. Reijntjes



The police force of the Netherlands Antilles (K.P.N.A.) is presently celebrating its 35th anniversary. This does not mean that there was no police in the Antilles before 1949. Quite the contrary is true. As early as 1821 the first policemen appeared on the streets and since then only during two very short periods police work was taken care of by the military (from 1839 till 1849 and from 1911 till 1918). Since 1918 the civil police force has existed uninterruptedly in the Antilles. During a third period from 1929 to 1932 the military exercised the function of police, but only in the city districts of Curaçao and Aruba. Was it merely a coincidence that precisely during this last period Machado and Urbina carried out their famous assault on the Waterfort in Curaçao? In 1983 at the least a 65th anniversary could have been celebrated.

Or was this overlooked? What is being commemorated this year is not much more than one of the many reorganizations that took place within the police force (to mention a few: 1929, 1932, 1949, 1957 and 1962). However, it is a fact that the name "Korps Politie Nederlandse Antillen" was used for the first time in 1949. The K.P.N.A. therefore actually has quite a long history. It is, however, also a modern force. Training and equipment can bear critical scrutiny. The lower ranks are trained at the force's own school, the officers in Holland, and specialists may get training in other countries like e.g. the U.S.A. and Canada. With regard to equipment there are of course still a lot of wishes, even urgent ones, but this does not differ from the situation in other police forces. The police for instance would like to be able to act more efficiently against smugglers (of drugs, arms and other contraband) with adequate boats and planes. Still on the

whole there is not much cause for complaints.

### **Outdated legislation**

The force, however, has to function under a legislation that is extremely dated and in which the rules for searching premises, tapping phones, international legal assistance, etc. are unclear and inadequate. But the policemen are very resourceful and the force compares favourably with those of neighbouring countries. Yet one wonders if there is really much cause for celebration. Few are the ones who would deny that the force is in a serious crisis. During the past few years twice a government committee was appointed to investigate the existing problems. This resulted in two reports (1981 and 1984), which are both still awaiting execution, even though the range of problems is extensive. Let's start at the top. Aruba and Curaçao both have a commissioner at the head of the force. He is charged with the daily command. In addition there is a chief commissioner for the entire Antilles, who contrary to what his rank would indicate only has control of the supply of personnel and equipment. The highest authority is in the hands of the Minister of Justice, whereas the Lt. Governor of each island is the local Head of Police. The Minister of Justice does not have at his disposal a group of independent advisers, who can contribute towards carrying out Government policies, especially in view of the frequent change of Ministers. In such an unsound construction only outstanding functionaries would be able to function. Unfortunately these have not been found (as yet). The chief of the police force in Aruba had to be removed from his position in 1981 after repeated conflicts with the local public prosecutor, in which the latter (at least in a

formal sense) was in the right. A definite successor has up to now not been appointed. Furthermore the chief commissioner is demonstratively at variance with the chief of the force in Curaçao and it is an open secret that his relation with the Attorney General also leaves much to be desired. The frequent changes of Ministers of Justice already referred to above have obviously not contributed towards improving this situation.

### **Dissatisfaction**

There are problems in the lower ranks as well. To mention only a few. In the past few years an ambitious programme giving additional training to the personnel was carried out, raising expectations of being promoted. However, in effecting this programme, it was not taken into account that the functional structure of the force hardly allows any promotion. One cannot escape the fact that less chiefs are needed than indians. Naturally this resulted in dissatisfaction. There are furthermore a lot of complaints about the old-fashioned method of management and the total lack of internal democracy. Consultations between the force and the union is not as it should be. Nearly everyone outside and many within the force complain about the lack of manpower and experience in the detectives department. The percentage of crimes that are solved shows such a disastrous decrease, especially in Curaçao, that I'd rather not mention the exact number. One hears everywhere that the police is not able to cope with criminality in the Antilles, which like everywhere else in the civilized world is alarmingly on the rise, especially crimes against property (burglaries). An attempt was made to bring about a change for the better by attracting experienced policemen from the Netherlands. Be-



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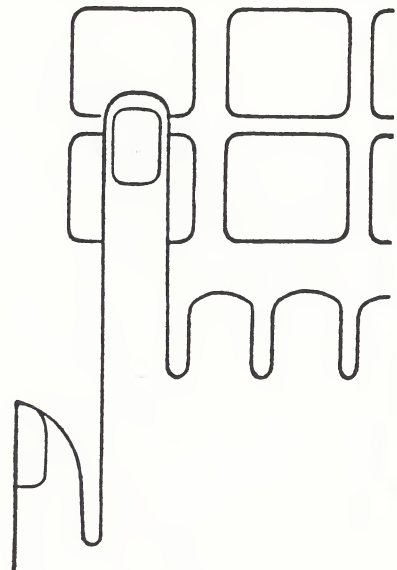
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cause of this the Antillean policemen, already dissatisfied with the promotion policy, felt threatened in their positions. A storm of protest ensued, directed at the chiefs of the force, the Minister, and above all at the Dutch colleagues, who happen to be completely innocent in this matter. Of the lastmentioned only one is still in function and what's more not even at the detectives department. It is indicative of the situation (and at the same time deeply shameful) that the police union did not lift a finger to help them. This was clearly a case of "close is my shirt, but closer my skin".

### Aruba

In Aruba the situation is still more difficult. For years now there has existed a sharp adversity between the police and the political party MEP, which under the leadership of Betico Croes has been in power for years. The police is of opinion, and rightly so, that the law should apply equally for everyone. The MEP on the other hand accuses the police in a broad sense of an anti- Arubean attitude. In doing so it erroneously creates the impression that the majority of the policemen serving in Aruba are of Curaçaoelene, or in any case non- Arubean, extraction. In reality this is only the case in a little over 30%. The situation came to a head, when Croes, during an attempt by the police to stop an illegal motorcade held by his party, was hit by a bullet fired by a policeman. An investigation has in the meantime shown that the policeman in question is not to blame, but in MEP- circles it is believed that there were no guarantees for an impartial investigation. It is true that proper proceedings for complaints are non- existent. The feelings now appear to have calmed down, but many policemen stationed in Aruba have started to doubt whether there is any future for them in Aruba after the separate status begins on January 1st, 1986. A poll held by the union demonstrated that 65% of them (including a majority of those born and bred in Aruba) are seriously contemplating leaving the island. It seems as if very shortly Aruba will have to start building up a completely new police force. This may have some advantages, but decidedly also immense disadvantages.

### Lost confidence

As early as 1981, the then Minister of Justice Hendrik Croes, Betico Croes' brother, appointed a committee to carry out an investigation, because there were

indications that many citizens were losing confidence in the police. The willingness of citizens to file a complaint with regard to a number of crimes committed was looked into and it was discovered that only 51% had been reported to the police. Of the non- reporting victims 81% thought reporting "not necessary" or "senseless" and 9% did not report, because of negative feelings about the police. Of the persons who did report more than half appeared to be dissatisfied with the police's reaction. However, this kind of information has to be handled with utmost care, because civilians everywhere and always tend to protest against the police and do not get much insight anywhere into what the police is doing to solve the crimes committed against them. Besides in this investigation the seriousness of the crimes was not measured. Still the percentages mentioned (49% non- reporters, more than half of the reporters dissatisfied) seems far too high.

### Brutality

In addition the frequency of complaints about police- brutality is increasing at an alarming pace. More and more the reproach is being heard in the courthouse that the confessions were obtained by force. We could simply disregard this, because we know from experience that many of the accused do not leave a stone unturned to avoid being convicted. But it is an indisputable fact that a number of policemen have been convicted for brutality. Everyone knows that it is not always easy to keep one's hand off, especially taking into account the many taunters the police have to deal with daily. And in the Antilles it is not only the civilian who is temperamental. But the requirements for policemen must be different from those for others. If not, where would all this lead to? The ill- treatments have to be disciplined and with determination. The question is whether this determination exists. Desperate diseases require desperate remedies. Judge for yourself. In 1984 two policemen in St. Maarten were

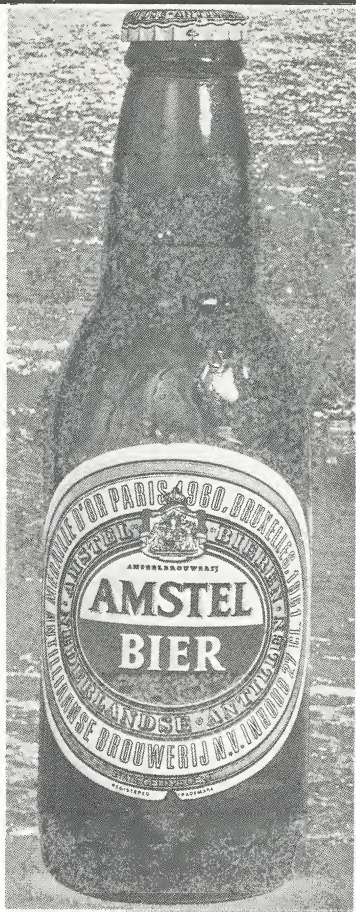
sentenced to two weeks in jail conditionally and a five hundred guilders fine. In September 1984 a policeman in Aruba, who slapped a citizen when the latter complained about a traffic ticket, was sentenced to a conditional fine of one hundred guilders.

### Democratic attitude

But the worst part is the increasing worry about whether the police are still thinking along democratic lines. The arrival of the Dutch policemen described above was a motive for the police to carry out raids on their own initiative on the offices of the sellers of numbers. The latter's activities are indeed illegal, but have been connived at for years. They also carried out traffic controls without being ordered to do so, with the sole object of disrupting the traffic (in which they succeeded wonderfully well). During protest actions by (non- police) civil servants soon after a number of policemen refused to follow orders given by their superiors. The chiefs of the force thought it necessary to make them turn in their weapons and suspended them for a long period of time. It is not surprising that many are asking themselves with apprehension what the next step might be. In a country without an army of its own the police is a powerful instrument. It is in everybody's interest to keep this instrument under control. The Antilles are in for economically difficult times. A period of tranquility is not to be expected. We are therefore direly in need of a well- functioning police force. It is evident that something has to be done about the structure of the force and also that something has to be done for the personnel. Old and justified grievances must be taken care of. But what is also evident is that the attitude of the policemen themselves has to change as well. We must avoid getting into a spiral of iniquity. Too long the attitude of wait and see has been maintained. The Minister of Justice has in this a difficult task before him. Unfortunately it is not the only one. ■

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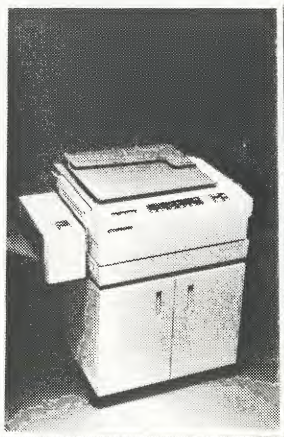
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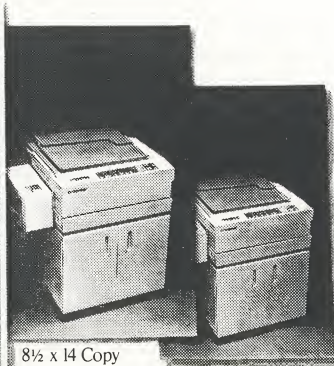
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## AFTER TWO VIOLATIONS

## THE SECURITY ISSUE

by N. de Waard

**The vulnerable security of the ABC-islands of the Netherlands Antilles was highlighted by two startling incidents within one year.**

The first incident, a year ago, September 20, 1983, concerned a well-organized raid on two banks in the very heart of the Aruban capital, Oranjestad. The gang, it seems, arrived legally on Aruba and quietly prepared the simultaneous robbery of two banks, isolating the immediate surroundings. The police force was flabbergasted and powerless against the twenty heavily armed robbers, who left the island with the loot by speedboat and a small aircraft from a remote place.

The question which immediately arose was 'who is responsible for dealing with such infractions of the law? Was this a case for the military, the so-called external defence, for which the government of the Kingdom is responsible, or should this be rated as a violation of the internal security

which regards the national and island governments? People looked askance at the Royal Dutch Navy, which takes care of the military defence.

The Prime Minister, visiting Aruba after the incident, let it be known that he had a few sharp questions for the Dutch Minister of Defence on this matter. But although there was plenty of time to raise the issue with the latter, when recently visiting the Antilles, no mention was made of either questions or possible answers.

ar answers. He emphasized the Antilles' own responsibility to act in this situation.

It should also be observed that in this particular instance the regional solution, i.e. assistance from Venezuela and the USA (which also sent a team) appeared to have been a success. The armed forces of the Kingdom were kept out of harm's way. But the question remains whether this type of solution will work if no Venezuelan interests are involved. Considering the fact that hijacking of airplanes is



Almost one year later, on July 30, 1984, the second incident took place, when two hijackers forced a DC-9 of the Venezuelan carrier Aeropostal to fly to Curaçao. For almost a full day all traffic on Curaçao's airport was blocked. During the night of July 31 the hijackers were eliminated as a result of an action by a Venezuelan anti-terrorist squad. The passengers escaped and everybody could breathe freely again. It was little short of a miracle that only the two terrorists were killed. Not even one of the passengers or of the members of the squad-team was injured!

an international problem usually without political implications, the willingness to lend a helping hand is generally there. But what if it concerns a purely internal Antillean affair, the hijacking of an ALM plane, for example, within the Antillean territory. The enormous risks involved in tackling terrorists will probably only be taken when national interests are involved.

### Responsibility

Consequently the Netherlands Antilles will have to make up its mind as to how to cope with this problem in the future. After all the reputation of a reliable center for international air traffic is at stake. The establishment of an own anti-terrorist unit is out of the question, as the equipment and know-how needed are too extensive and consequently too costly for the Antilles. A possible solution, which has been suggested, might be a small group within the police trained for this purpose. ▶



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The Antillean Prime Minister, Mr. Don Martina, was widely praised for his handling of the affair. Afterwards the question rose why the Dutch marines had not been asked to give assistance. The Dutch armed forces have special assistance unit trained for this kind of operation. This time the Prime Minister did not speak of sharp questions, but had some very cle-



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From the comments on the incidents mentioned above one may deduce that in less than one year questions with regard to external defence have turned into an alarm signal concerning internal security matters, for which the Netherlands Antilles' government bears sole responsibility. On the other hand the incidents also illustrated that the Antilles are in no position to cope with such situations on its own.

Handling a heavily armed gang of criminals as the one which caused the Aruban incident and solving a hijacking as took place on Curaçao cannot be done without professional assistance. The question for the future is: who can and will provide that kind of assistance?

### Security

In the Aruban instance regional assistance was not requested and rightly so, because the local police force should have the capability to deal with bank robbers, either by itself or with the assistance of other (Antillean) entities. At the same time there is the question whether the armed forces might have provided help. In the Curaçao incident they were not even

requested for the simple reason that it would have taken the special unit based in Holland too long to reach the island (approx. 10 hours).

But the underlying and much more important question is whether such assistance by the Dutch forces can legally be given within the constitutional framework of the Kingdom. According to the Constitution (Statuut) the Netherlands Antilles are autonomous and responsible for maintaining their own internal security.

The Dutch armed forces provide the military defence of the Kingdom. The units based in the Netherlands Antilles serve under the responsibility of the Government of the Kingdom. The Dutch Minister of Defence is in charge.

The respective government responsibilities are clear. Qualifying incidents on the other hand is much more difficult. Theoretically one can distinguish between acts of war i.e. the violence of one state against the other, and infractions (of the law) by individuals.

The first category requires action by the armed forces and the second category must be handled by the police forces, acting in the interest of internal security.

This distinction in itself is classic and clear.

The procedure for using the armed forces units stationed in the Netherlands Antilles for assistance when it concerns internal security is provided for by law (Regulations for the Governor) and two Royal Decrees. There is, however, a great reluctance to employ military forces for internal security purposes, when the disturbance is caused by members of the Antillean community. In the two incidents mentioned above this was not the case.

Taking into account the lengthiness of the procedure for the government of the Kingdom, venue The Hague, to give permission to employ the units stationed on these islands, it is recommendable that in the event of terrorist incidents a much simpler procedure be followed. In such cases the competence to decide should be vested in a local authority, e.g. the Governor or the Flag officer N.A. Quick decision making and good coordination are required to cope with these forms of security violations in the ABC-islands. Legislation to that effect should be enacted without delay. The security of these islands is too important to be neglected. ■



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## THE INTERNATIONAL TRADE-CENTER

# NO MINCING OF WORDS

Against the background of a depressed economy the cornerstone-laying of Curaçao's International Trade Center (ITC) last September should be seen as a most promising development. Total investments during the first phase will amount to Naf. 40 million. No less than 875 jobs will be created in that initial period, while government revenues are estimated at Naf. 9 million and foreign currency inflow at Naf. 22 million. A first mailing campaign resulted in over one thousand reactions of potential users of the center, which aims at providing companies interested in developing their activities in the Latin American and Caribbean markets with a complete range of facilities and services.

The project, which originates from private initiative and took five years of hard and professional preparatory work, is a telling example of what a joining of forces between the private sector and government can achieve. Rightfully emphasizing these positive aspects of the project the main speakers at the groundbreaking ceremony also used the opportunity for a rather critical analysis of the socio-economic situation in the country. Backed by the initial success of the Trade Center their stern admonishments carried extra weight and may very well lead to the creation of a healthier economic climate.

ITC's managing director, Mr. Eduardo Halabi, in his speech raised the question why in contrast with most Western and even some Third World economies, Curaçao is not showing signs of recovery. He then proceeded to mention four internal issues, which according to him "severely impede the recovery of our economy". He first of all pointed a finger at the newsmedia. Said Mr. Halabi: "We cannot continue to use, overuse and sometimes even misuse the liberties that we have in this highly valued democracy to protest and over-react against decisions taken by others". Obviously referring to the predominance of sensationalism in much of

the press, he observed that gradually an atmosphere of worry and negativism is being created. "This", he said, "is not beneficial to our community and certainly not to our investment climate". The latter, he pointed out, depends not only on economic, but also psychological factors, which in a small community tend to dominate.

Mr. Halabi next mentioned tourism, which he said "is the sector with the greatest potential to reactivate our economy in a relatively short time". Few tangible results, however, are to be seen from the actions undertaken to put tourism back on the right track. Actions which Mr. Halabi applauded. And not without reason as he was treading dangerous grounds. Most of the tourism industry is now in the hands of the island government. He therefore resorted to a more subtle approach to put his criticism on record quoting Felipe Gonzales, Spain's prime-minister (and it should be observed a

socialist), who during a recent visit to neighbouring Venezuela said that "politicians or governments should not lead activities that are per definition activities that belong to the private sector"! Mr. Halabi expressed his hope that the jointventure approach, which seems to work so well with regard to the ITC-project, will soon be applied to tourism as well.

The third issue he raised is probably the most problematic cause underlying Curaçao's economic stagnation. "We are holding tight to rights and achievements, even though these rights and achievements are not tenable anymore", he said. This has led to a policy of subsidizing companies without allowing a real reorganization based on business standards to take place. Concluded Mr. Halabi: "We are temporarily avoiding social problems at the cost of a healthy economy, which is 'struisvogel politiek' (ostrich-policy) as they say in Dutch". ▶

## ITC IN BRIEF

Scheduled to open its doors early 1987, the International Trade Center Curaçao will provide international companies a highly efficient opportunity to develop their Latin American and Caribbean markets.

Although the project is planned to be built in four phases to make it more adaptable to the requirements of its users, the first phase will already include a complete range of facilities and services, such as:

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Mr. Halabi finally addressed the business community itself. Observing that the preoccupation of the politicians with the constitutional issues "is unduly delaying the process of decision-making in the social and economic fields", he also noted that "we of the business sector tend to play a waiting game, waiting for politicians to take decisions, without initiating ourselves enough activities to take care of the economic part of our future".

A waiting game in which he and his colleagues in the ITC- undertaking obviously refuse to take part. Said Mr. Lionel Capriles, president of ITC's Board of Directors, "This project is especially to try to improve or correct the present economic difficulties". Consequently he appealed to the business community to support the project financially and morally when approached. The economic recession, Mr. Capriles urged, should not be used as an excuse to hold back. As he had noted earlier in his speech the road to this point, when the construction of the Trade Center could actually be started, had been long and tedious. The decision-making process in particular, he indicated, had been frustratingly long and complicated "as so many different people and so many different authorities with so many different views and different priorities" were involved. Pleading (once more) for the establishment of one authoritative body to take charge of economic decision-making, he in one breath praised the tenacity of all involved in the project to push through rather than give up.

For such a positive approach, both he and Mr. Halabi contended, is every reason. "We would not have started this gigantic project", said the latter, "without seeing a way out". Curaçao, after all has a well developed infra-structure, a relatively high standard of living with still ample money and know-how available to adjust to changing circumstances and is blessed with substantial development aid from Holland. "In a country like this", Mr. Halabi reminded the audience, "there is no need for pessimism, but there is a need for internal reflection without using recession as an external excuse".

Using this particularly positive occasion to initiate such a process of reflection, is an indication of the resurgence of that kind of spirit that has in the past served the island so well. ■

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Participation (shares) Curaçao Private Sector	NAfl. 3.0
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**Jobs created by the I.T.C. project:**

	<b>Local</b>	<b>Expatriates</b>
Phase 1 (from 1987 to 1991)	875	
Phase 2 (from 1991 to 1995)	1.405	145
Phase 3 (from 1995 to 1999)	2.085	240
Phase 4 (from 1999 to 2003)	2.740	320

**Private income generated by the I.T.C.**

(Cumulative figures in 000' NAFL.)

	<b>Local</b>	<b>Expatriates</b>
Phase 1 (from 1987 to 1991)	25.967	5.475
Phase 2 (from 1991 to 1995)	45.600	11.634
Phase 3 (from 1995 to 1999)	69.546	18.947
Phase 4 (from 1999 to 2003)	91.166	25.106

**Governmental revenue from the I.T.C.**

(Cumulative figures in 000' Nafl)

Phase 1 (from 1987 to 1991)	9.393
Phase 2 (from 1991 to 1995)	14.260
Phase 3 (from 1995 to 1999)	21.527
Phase 4 (from 1999 to 2003)	29.126

**Foreign Currency inflow created by the I.T.C.**

(Cumulative figures in 000')

	<b>US\$</b>	<b>NAF</b>
Phase 1 (from 1987 to 1991)	12.513	22.398
Phase 2 (from 1991 to 1995)	16.355	29.276
Phase 3 (from 1995 to 1999)	23.620	42.279
Phase 4 (from 1999 to 2003)	32.480	58.138

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## EXPORTING INSURANCE IN VIALS

by Nancy Siegenthaler

During the holidays, chicken or turkey are traditional dishes in many family dinners, but in lesser-developed countries, poultry is a main source of protein year round... and one company in Curaçao is working hard to ensure the supply.

Biota, N.V., one of three pharmaceutical laboratories in Curaçao owned by Advance Biofactures of New York, exports poultry vaccines worldwide, and has become the international frontrunner in sales of one indispensable vaccine for poultry farmers — chick-embryo-origin (CEO) vaccine. Boxes of some 20 different vaccines produced in the small one-story building in Curaçao's industrial park are flown to Taiwan, Egypt, Hong Kong, Ecuador and Haiti, where poultry farmers welcome them as capital investments, and insurance against epidemics.

Notwithstanding the holding-pattern young pharmaceutical manufacturers must endure before their products are fully registered in importing countries, the 5-year-old company's sales grew by 100% between 1983-84.

"Our problem isn't that we don't have the markets", said Mr. Edward Bakhuis, Managing Director of Biota. "We have difficulties with registration in different countries. It goes very slowly and it's difficult."

The company is in the midst of registration procedures for its vaccines in Pakistan, Nigeria, Israel, and The Netherlands.

"Some countries have very long registration procedures", said Dr. W. Deonisia, Quality-Control Director. "We've been going over papers for registration for Holland, I think, for about eight months, and that's only the start", he said. "The longest I had was for Colombia. It took about three years to register there. And your agent is promising you that, after registration, he's going to come with a very big order. But, it's only a promise."

Orders for Biota's vaccines in the countries where they are registered, however, continue to grow. Growing reliance on poultry as an affordable protein staple in many underdeveloped countries, and the company's reputation is generating extra orders for Biota's vaccines.

"We get a lot of tenders from all over the world", said Deonisia. "The government of Egypt (for example) buys all their vaccines from Holland, from Germany, from Israel", he said, "And we are one of the six or seven companies that Egypt is dealing with." "A farmer", he said, "doesn't change so easily from one product to another, from one company to another company, if everything goes

okay."

Though Biota was originally set-up in Curaçao to gain access to potential markets in South America and duty-free entry into Common Market nations, the bulk of its sales are to countries far removed from its targeted markets.

"Curaçao has very good connections with South America — one of the first markets we wanted to conquer with Biota", said Bakhuis. "But instead, it became the Middle East — it's crazy."

Biota's nearest potential market — Venezuela — is fully protected against any entry of the company's vaccines. Protectionism, said Deonisia, is in the form of arduous, and formidable registration procedures in Argentina and Chile, while in Common market nations, it takes the form of competition against pharmaceutical giants. Nor are the company's vaccines registered in the United States, he said, so the benefits to Biota from the Caribbean Basin Initiative are nil.

Aside from location, the small company was established in Curaçao for cost-cutting reasons — Biota pays no import duties on its imported materials, nor export duties on its shipments, and it is in the middle of a ten-year tax holiday. Biota was also granted assistance from the Common Market's Export Promotion Fund, and consulted by the Central Government's Export Promotion Division, to market its vaccines in Trinidad and Barbados. The Central Government's Export Promotion Division was also instrumental in obtaining Biota's financial assistance from the Common Market.

The company, however, cuts no corners in the area of quality-control nor were wages an impediment for Biota's establishment, said Deonisia, since the nature of its business, he said, requires high levels of education and language skills among local technicians.

The scene inside Biota's workrooms gives no hint of growing orders, as masked and gloved technicians work at a purposely moderate pace to assure sterility. Inside brightly lit, immaculate labs, Biota's technicians inject live viruses into pathogen-free eggs, which are then incubated. Once grown inside the eggs, the viruses are then harvested and processed into sterilized vials, freeze-dried, and shipped via Curaçao's International Airport. ■



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# THE PRICE OF RICE

by Nancy Siegenthaler

Curaçao's new rice mill, still in its infancy, is having to learn how to take on its rich competitors even before it can learn how to walk. It is Alesie, N.V., a NAfl. 1.5 million rice mill and packaging plant, whose founders are book store owner Piet Eddine, rice mill owner Turhane Doerga, and representatives of Curaçao labour unions. Adjacent to Continental Milling's plant in Curaçao's Zeelandia, Alesie plans to clean, polish, enrich, and package what is fast becoming a national staple — long grain, white rice. Spin-offs from the modest mill will include the production of animal feed, baby food and rice oil, and 27 new workers will be employed the first year.

Alesie's principal market will be the Netherlands Antilles, but an export contract has already been signed for up to one-half the production needed by the Netherlands Antilles for an undisclosed destination. Alesie's management hopes to export throughout the Caribbean, and its pending appeal to the new Central Government to slap a duty on imported rice has its competitors grumbling. Curaçao distributors of imported rice and potential rice-mill operators, including one in Bonaire, are irked by the upstart firm's swift establishment.

The small two-year-old company has nevertheless had a rough road to drive over towards its targeted start-up date of December 5th. It has worked through bureaucratic red tape in near record time, overcome a stumbling block in a Development Bank loan, resisted a buy-out offer, and faced down potential competitors' public, doomsday soundings. Now, Alesie is running for yet another hurdle that has its "big boy" competitors more worried than the mill's tenacious managers — a looming price war.

The price of rice consumed in Curaçao is largely dictated by America, because most of the rice consumed in Curaçao is currently imported, pre-packaged, from the United States. Alesie plans to import about 60% of its rice from the United States — in bulk, according to Turhane Doerga, Managing Director, which is 80% cheaper than packaged, imported rice which arrives in containers.

In addition, he said, the expenses of running a small mill in Curaçao are minuscule, compared to the large plants in the United States, which pass their operating costs on to the consumer.

Price-wise, said Doerga, Alesie could compete against imported, pre-packaged

rice, but not against a popular, marketing tactic — dumping.

"The majority of the American rice producers are friendly to this project", said Doerga. "But there are a few of them which control the market here, and they are threatening us that they'll dump the rice and price us out of the market", he said. "One of the importers here told us, point-blank, they'll start dumping the rice until we lift that (appeal for protective duty). "But, we are not asking for a 110% duty on imported rice like Europe does", he said, "We are only asking for a 50% market protection".

No one at Alesie will predict whether the new Central Government's Minister of Economic Affairs, Don Mansur, favours protecting local industries, but they incisively refute any connection between protectionism and higher prices where Alesie is concerned.

"The maximal profit of the company isn't the goal", said union leader, Errol Cova. "The goal is cheaper rice".

With or without protection, Alesie's rice should be on the market early in 1985, throughout the Netherlands Antilles. The company's founders are confident its Curaçao label will attract more customers than those of dumpers. Reversion is not one of its management's qualities, and the recent price-war threats have just added fuel to the fire of determination — to keep the price and distribution of one national staple in the hands of its own people. ■

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# VENEZUELA'S FRAGILE STABILITY

by Keith Grant

**CARACAS** — The long-awaited economic recovery in Venezuela, with its potential spinoff benefits to the Dutch islands, now looks unlikely to materialise before late 1985 as a result of the government's enforced continuation of restrictive policies.

Though some optimism was raised by September's outline debt rescheduling agreement with Venezuela's creditor banks, the country can look forward to a sixth year of recession. Although the agreement will ease the government's budgetary burden, the benefits are likely to take at least a year to filter through to the economy.

Government planners have already revised estimates of one per cent growth this year to minus 0.5 per cent, and from three per cent next year to two. Private investment remains sluggish, the key construction industry is in crisis and money is tight.

Meanwhile, the recent world oil market weakness has cast a shadow over the government's strategy for rescheduling its foreign debt and pumping new money into the economy. The cash flow scenario agreed by Venezuela and its creditor banks for the purposes of September's debt agreement envisages oil income rising steadily over the next five years and averaging 18 billion dollars between 1984- 89, a hefty 25 per cent above this



President Jaime Lusinchi

year's projected income. The outline agreement, which still needs to be ratified by 450 creditor banks, involves a heavy strain on Venezuelan finances in the early years and cuts into the government's funds available for capital investment. Unlike most other rescheduling agreements, Venezuela with its 12.5 billion dollars in foreign reserves will have no grace period and starts with a five billion dollar payment straight off in 1985.

Initial reaction to the oil crisis by Planning minister Luis Raul Matos Azocar was that the country could absorb a two dollar price cut or a 100,000 barrels per day reduction in its 1.7 million b/d output and that there was no need to modify the 103 billion Bolivar 1985 budget. Energy and mines ministry officials point out oil revenues this year are substantially up on expectations which, taking additional account of lower imports, provide a

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cushion of 1.5 billion dollars this year. But while government officials say they have contingency plans in the event of lower than expected oil income next year, these would inevitably involve a cutback in potential for economic expansion.

President Jaime Lusinchi told a Conference of Governors this month that the government already has little leeway for stimulating growth since 35 per cent of next year's Bs 103 billion budget will go to debt service. Worse still, Lusinchi's social pact — involving government, unions and business in joint economic consultations — has so far had little success. At a recent meeting held in Aruba, Venezuelan Labour Confederation (CTV) president Juan Jose Delpino said the pact has been "inoperative".

**Inflation**

To date the continuing recession has not boiled over into social conflict, but unions have made it clear they will not tolerate a series of recent price increases for milk, grains and electricity, unless meaningful compensatory measures are implemented. The government outlined a

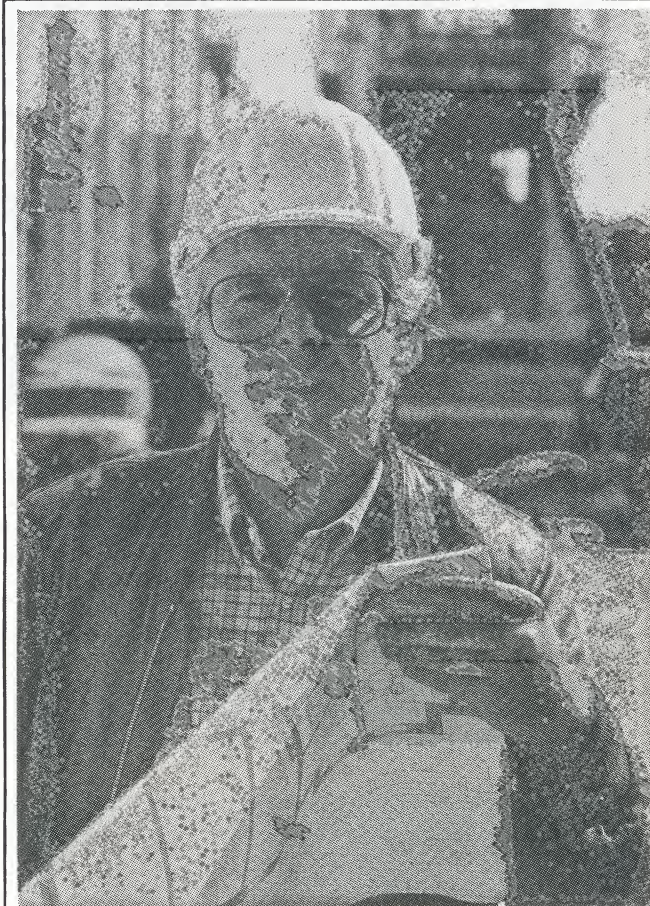
plan earlier this year for a compulsory 10 per cent increase in payrolls, transport bonuses for workers and special factory canteens, but the CTV says this is not enough. It is now seeking a huge 66 per cent across the board increase in the minimum wage to Bs 1,500 per month. Business is flatly opposed to such a move, claiming the increased costs would kill any attempt at new investment and growth. The Business Federation, Fedecamaras, says inflation has already brought about a major decapitalisation in the country.

**Bolivar**

Unions have not, however, had their worst fears realized on inflation, since flat domestic demand has put lower than expected pressure on prices. The government now expects the cost of living to rise by about 16 per cent this year instead of the 18-20 per cent originally projected. In large part this has been a reflection of the Central Bank's vice-like monetary policy, which has kept liquidity expansion to

a miniscule 1.3 per cent so far this year, as against 26 per cent last year, and has kept the private sector starved of credit.

The Central Bank's goal, apart from dampening inflationary pressures, has been to keep a lid on Bolivar speculation in the free foreign exchange market. The goal of the authorities, repeated by Finance minister Manuel Azpurua recently, is to unify the three-tier rate as near as possible to the 7.5 rate used for priority imports and some debt payments. The two official rates—4.3 and 7.5—are due to be merged by the end of 1985 and the government wants to prevent the free market rate from moving much above this level. The Central Bank's tight money policy had considerable success, with the Bolivar appreciating even against the powerful Dollar by around 12 per cent between August and mid-October. But then the oil price scare slashed 30 per cent off the currency's free market value in just two days. Though the Bolivar recovered somewhat, the experience showed clearly how fragile its stability can be in the face of a change in the fundamental factor affecting the Venezuelan economy. ■



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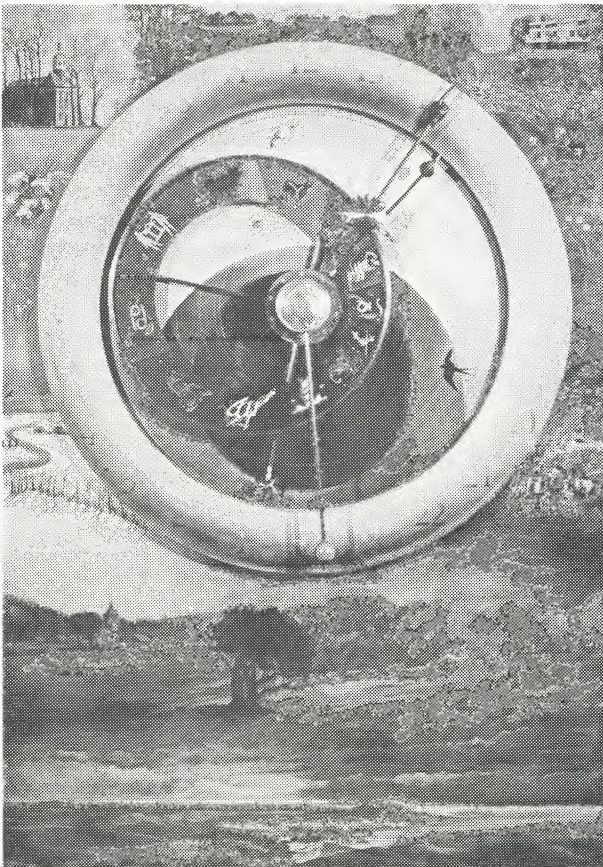


# LONING: A MODERN OLD MASTER

by Siebren Paul

Earlier this year the painter Nic Loning died in Amsterdam. From 1950 to 1974 he was employed as master of arts at Paramaribo's Algemene Midelbare School. During that period he designed many stamps as well as facade decorations for the Post Office, the Central Bank, Hotel Torarica and Biliton; besides that he sketched and painted profusely. In 1974 he returned to Holland, teaching at Baarns Lyceum till the day of his death. Also in this period he produced many drawings and paintings. Loning's works became highly appreciated by art-lovers both at home and abroad and can today be found in South and North America, Australia and Europe (in particular in Holland and Belgium).

Although Loning devoted his talent to many diverse subjects, I decided to focus in this article on his outstanding personality and that aspect of his oeuvre, which according to me deserves special attention: town- and landscapes.



*Clockwork*

Loning was a universal man. If he had lived in the Renaissance, his unbridled inquisitiveness would have made him a 'uomo universale'. But also in his own day he was active in many fields. He was an enthusiastic chess player and ardent at bridge; Loning loved sports, in particular tennis. He read widely and was an active journalist. Travelling was his favourite hobby and he made ample use of the opportunities his profession offered him in this regard. Apart from the splendid stories he brought home - Loning was one of those who always have the most extraordinary experiences when travelling - it were in particular the drawings, aquarelles and beautiful paintings that explained his recurring urge to journey abroad.

In this connection the astronomical clock work he designed and painted for the town-hall of Leusden (Utrecht) is worth mentioning. It depicts a journey through the times of the local history. Several aspects of the painting, the colours and composition of which are beautiful, draw one's attention. The transition first of all from one scene to another is painted by using the 'sky' of the lower scene as the foundation of the next and higher one. Secondly, as it is an astronomical clockwork, it shows the change of seasons (which are very prominently felt in that part of Holland). And thirdly he has successfully fitted the history of Leusden into the painted sequence of time. (The scope of this article unfortunately does not permit me to enlarge on this).

The clockwork itself, which was designed in consultation with de Koninklijke Klokkegieterij Eysbouts in Asten, reveals that chess and bridge player Loning pondered hard to arrive at a responsibly fitting image. The zodiac displayed besides all the hands of the clock which are to be seen is a telling example of this.

Loning painted the zodiac in such a way that all the signs still in use today can be clearly recognized in relation to the images after which they are named.

Truly a masterwork, this painting placed Loning in the spotlight. Commissions came in from all over, even from as far as Japan. But his too early death left much work undone. The work that was finished, however, shows a distinct development.



*Paramaribo*

The oldest landscape, known to the author of this article, is a view of Paramaribo from Suriname River. Dating back to 1960 it has in the meantime become a historical painting. The so-called Waterkant is not yet paved and the Police station, which was destroyed by gunfire during the 1978 revolution, is still there. In my opinion the historical value is in fact greater than the artistic one. The painting is too anecdotal: the small barks in the foreground, the traffic, and the large crowd of people, it all tells the beholder what Paramaribo looked like in those days. But that story could also have been told in words.

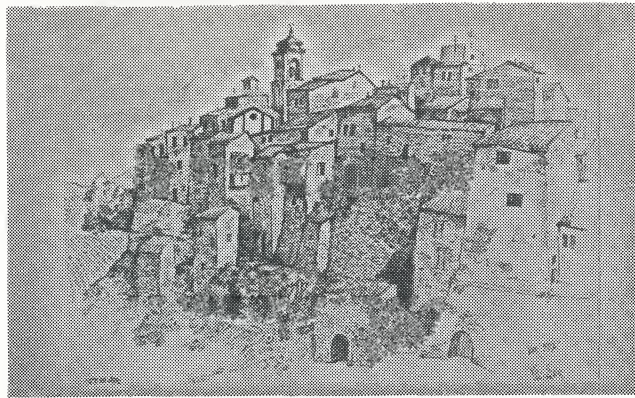
Coronie, a quick sketch from 1965, indicates a change. The small houses and the landscape show a unity but a story has been added. A woman (at left in the painting) goes from one house to the other. This landscape, in my opinion, is not an entity by itself; it should be embedded in a happening.





Coronie

A pen-drawing from Italy (1975) indicates full attention for the town in the setting of the landscape. Be it that the aspect of nature is symbolized by the weeds between the town walls and ( at left in the painting) by some fields and bushes.



Grotto del Castro

I remember a conversation with Loning in those days, in which we discussed the exuberance of nature. It was actually the first time that we talked about his artistic ideas. He said and I quote freely: 'Exuberant, yes, but often it is also kitsch'. In this connection he mentioned the flamboyant, just then in full bloom. For someone brought up instilled with admiration of nature it was rather hard to view it from the perspective of kitsch.

But Loning's pronouncement should probably be interpreted against the background of his concern with the human element. He could draw immense enjoyment from the man-made, which for him had to be first and foremost of a tangible nature. Consequently he objected to abstract expressions of art. Even when for a period, forced by private circumstances, he was tempted to try his hand at abstract and symbolic work, it was clearly against his deeper inclination.

Such art, he felt, was too complicated and not really in the nature of man. In his opinion the human element, man, should be recognizable in all expressions of art.

By that he did not mean the other extreme of the most individual expression of the most individual emotion, but what moved him was a desire to reflect on the canvas a truly beautiful collective achievement. A good example is the 1980 aquarelle of the Italian town Sovana.

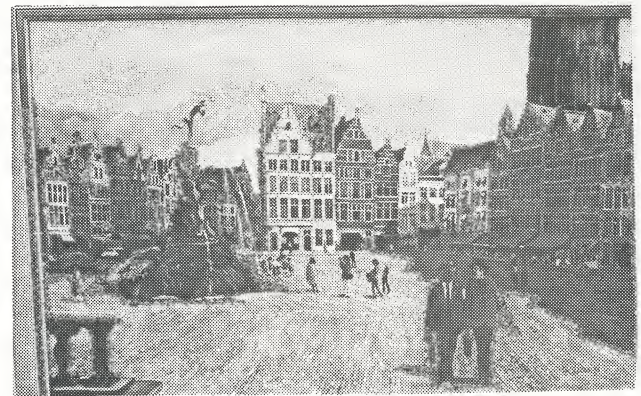
It took Loning himself a long time before he could put into words what he wanted to convey artistically. The painting of Antwerp in this respect signified a break-through. The painting by itself is worthwhile, but the remark Loning made to me while still working on the painting was quite remarkable: 'Next

time I will chose my angle in such a manner that from there it becomes evident what human ability can achieve together.'



Sovana

The 'next' painting was a view of Amsterdam. Loning, born and reared in Amsterdam, who spent more than half of his adult life in the tropics, in his 'sweeti Sranang', and who in a way had travelled the world to discover the most beautiful expression of man's achievement, finds it at last in Amsterdam!



Antwerp (painter and author r. in picture)

For two reasons the painting is more than worthwhile. First of all it confirms that simple psychological truth that wherever man searches for happiness, beauty or the ideal, it is always much nearer than imagined. And secondly - more of an artistic nature - Loning's Amsterdam shows that this town is more than a postcard. Human figures are no longer needed; the painting itself is a reflection of what human ability can achieve collectively. The strength shows in the choice of angle and the underlying

Amsterdam





ing idea: to show that people can create beautiful things. In his philosophy, which I would describe as positive and with a high regard for the collective effort, the individual, in this case the painter himself, is reduced to the role of messenger, of expressing that basic thought.

This agrees with Loning's saying that 'the plastic arts use an internationally understood medium; there is no language barrier.' (Cultureel Mozaiek van Suriname, 1978, page 402). In my opinion he proved this to be true in this particular painting. ■

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by Helene P. van Peet.

Report on an investigation into the administrative decentralisation, which is an important aspect of the process of state and nation building in the Neth. Antilles. The report concludes that if no changes are made in the decision-making process, decentralisation will remain a laborious undertaking.

The report is published by the University of the Neth. Antilles(UNA) in co-operation with the department of Caribbean Studies of the Royal Institute of Linguistics and Anthropology in Leiden, Holland.

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by Henk ten Napel.

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The booklet is published by the University of the Neth. Antilles(UNA) in co-operation with the Department of Caribbean Studies of the Royal Institute of Linguistics and Anthropology in Leiden, Holland.

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POB 37, 8200 AA Lelystad, Holland.

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